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Foreign Relations
# of the
United States
1951

Volume III

European Security and
the German Question

(in two parts)
Part 2

DEPARTMENT OF STATE • UNITED STATES OF AMERICA •

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United States
Government Printing Office
Washington : 1981

H920-3

DEPARTMENT OF STATE PUBLICATION 9113

OFFICE OF THE HISTORIAN
BUREAU OF PUBLIC AFFAIRS

For sale by the
U.S. Government Book Store
Department of State
Washington, D.C. 20520 - (Buckram)
Stock Number 044-000-0177-7

PREFACE

Fredrick Aandahl supervised the planning and compilation of this volume. William Z. Slany succeeded him as editor in 1975 and directed the process of review, declassification, and final editing.

David H. Stauffer and John A. Bernbaum prepared the sections on development of the North Atlantic Treaty Organization and financial assistance for defense of Western Europe. Mr. Stauffer and Mr. Slany prepared the section on the tour of capitals by the Supreme Allied Commander, Europe. Lisle A. Rose compiled the documents on development of the NATO command structure, and Mr. Bernbaum those on the seventh and eighth meetings of the North Atlantic Council. Mr. Slany edited the materials on the attitude of the United States toward the conference for the organization of a European defense community. Charles S. Sampson prepared the sections on meetings at Bonn, discussions concerning a possible convening of the Council of Foreign Ministers, meetings of the American, French, and British foreign ministers at Washington, Paris, and Rome, and the entire compilation on the German question. The technical editing of the volume was done by the Publishing and Reproduction Division under the direction of Paul M. Washington and the immediate supervision of Anne K. Pond. Francis C. Prescott prepared the index.

The editors acknowledge with appreciation the assistance provided them by the historians of the Department of Defense, including those of the Joint Chiefs of Staff. They are also grateful for the cooperation of the North Atlantic Treaty Organization, the National Security Council, the Department of Defense, and the Central Intelligence Agency, all of which facilitated declassification of papers for release in this volume. Thanks are also due to those foreign governments that kindly granted permission for publication of certain of their documents.

David F. Trask
The Historian
Bureau of Public Affairs

Principles for the Compilation and Editing of "Foreign Relations"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350 of June 15, 1961, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended, is printed below:

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
b. To condense the record and avoid repetition of needless details.
c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
d. To avoid giving needless offense to other nationalities or individuals.
e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternative presented to the Department before the decision was made.

1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office:

a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
b. Refers to the appropriate foreign governments' requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

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LIST OF ABBREVIATIONS, SYMBOLS, AND CODE NAMES

EDITOR'S NOTE.—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

ACA, Allied Control Authority for Germany
ACC, Allied Control Council for Germany
Actel, series indicator for telegrams from Secretary of State Acheson while away from Washington
AEC, Atomic Energy Commission
AF, Air Force
AFHQ, Allied Force Headquarters, Mediterranean Theater (1943–1945)
AFN, Armed Forces Network
AG, *Aktiengesellschaft* (Joint Stock Company)
AGCC, All-German Constituent Council
AGSec, Allied General Secretariat, Allied High Commission for Germany
AHC, Allied High Commission for Germany
AIOC, Anglo-Iranian Oil Company
AK, Allied *Kommandatura* for Berlin
ALO, series indicator for military telegrams
Amb, Ambassador
AP, Associated Press
A.P., Atlantic Pact (an informal reference to the North Atlantic Treaty)
APO, Army Post Office
ARA, Bureau of Inter-American Affairs, Department of State
ARBIE, United States radio broadcast operations at Munich
B/P, balance of payments
BDL, *Bank Deutscher Länder*, West German financial institution
BGA, an informal abbreviation for Bureau of German Affairs; *see* GER
BHE, *Bund der Heimatvertriebenen und Entrechteten* (League of Expellees and Disfranchised)
BIS, Bank of International Settlements
BK, Berlin *Kommandatura*
BL, Basic Law
BNA, Office of British Commonwealth and Northern European Affairs, Department of State
C of E, Council of Europe
C of S, Chief of Staff
CCS, Combined Chiefs of Staff
CD, North Atlantic Council Deputies
CDT (CMDT), Commandant
CDU, *Christlich-Demokratische Union* (Christian Democratic Union)
CET, Central European Time
CFM, Council of Foreign Ministers
CG, Commanding General
CHU, Christian Historical Union, Netherlands political party
CIA, Central Intelligence Agency
CIC, Counter Intelligence Corps
CINC, Commander in Chief
CINCAFE, Commander in Chief, United States Air Force, Europe
CINCNELM, Commander in Chief, United States Naval Forces, Eastern Atlantic and Mediterranean
circtel (cirtel), circular telegram
CMC, Collective Measures Committee, United Nations
CoCom, Coordinating Committee of the Paris Consultative Group of nations working to control export of strategic goods to Communist countries
Cominform, Communist Information Bureau
CTB, Combined Travel Board

DC, Defense Committee, NATO; *also* series designation for documents of that committee
DDR, *Deutsche Demokratische Republik* (German Democratic Republic)
DEF, Department of Defense
DefM'n, Defense Minister
DefRep, Defense Representative
DefSec, Secretary of Defense
Deleg, Delegate; Delegation
Delga, series indicator for telegrams from the United States Delegation at the United Nations General Assembly
Dep, North Atlantic Treaty Council Deputy
Depcirtel, Department of State circular telegram
Depreftel, Department of State reference telegram
Deptcir (Deptcirc), Department of State circular telegram
Deptel, Department of State telegram
Depto, series indicator for telegrams from the United States Deputy Representative to the North Atlantic Council
DFEC, Defense Financial and Economic Committee, NATO
DirGen, Director General
DKV, *Deutsche Kohleverein* (German Central Coal Sales Agency)
DOT, dependent overseas territory
DP, *Deutsche Partei* (German Party)
DP, displaced person
DPA, *Deutsche Presse Agentur* (German Press Agency)
DPB, Defense Production Board, NATO
E, Office of the Assistant Secretary of State for Economic Affairs
E/W, East-West
EB, Executive Bureau, Temporary Council Committee, NATO
ECA, Economic Cooperation Administration
ECA/W, headquarters of the Economic Cooperation Administration in Washington
Ecato, series indicator for telegrams from the Economic Cooperation Administration in Washington to its missions abroad
ECC, European Coordinating Committee
ECE, Economic Commission for Europe
ED, European Defense
EDC, European Defense Community
EDF, European Defense Force
EDT, Office of Economic Defense and Trade Policy, Department of State
EE, Eastern Element, Office of the United States High Commissioner for Germany, at Berlin; *also,* Office of Eastern European Affairs, Department of State; Eastern Europe
Embdesp, Embassy despatch
Emboff, Embassy officer
Embtel, Embassy telegram
EPU, European Payments Union
ERP, European Recovery Program
ETS, exploratory talks with the Soviet Union; also series designation for United States position papers prepared for the exploratory talks with the Soviet Union
EuCom, European Command, United States Army
EUR, Bureau of European Affairs, Department of State; Europe; European
FAO, Food and Agriculture Organization
FDGB, *Freier Deutscher Gewerkschaftsbund* (Free German Trade Union League)
FDJ, *Freie Demokratische Jugend* (Free Democratic Youth)
FDP, *Freie Demokratische Partei* (Free Democratic Party)
FE, Bureau of Far Eastern Affairs, Department of State; Far East
FEB, Financial and Economic Board, NATO
FedRep, Federal Republic of Germany
FEG, Finance and Economic Group, NATO
FinCom, Finance Committee
FinMin, Finance Minister
FM, Foreign Minister
FonAffs, Committee on Foreign Affairs, House of Representatives
FonMin, Foreign Minister
FonOff, Foreign Office

FonRels, Committee on Foreign Relations, United States Senate
FonSec, British Secretary of State for Foreign Affairs
ForMin, Foreign Minister
FY, fiscal year
FYI, for your information
G, Office of the Deputy Under Secretary of State
GA, General Assembly of the United Nations
GADel, United States Delegation at the United Nations General Assembly; *also* Gadel, series indicator for telegrams to the United States Delegation
GDR, German Democratic Republic
GEA, Office of German Economic Affairs, Department of State
GER, Bureau of German Affairs, Department of State
GFR, German Federal Republic
GNP, gross national product
GOI, Government of India
GOP, Government of Pakistan
GPA, Office of German Political Affairs, Department of State
GTI, Office of Greek, Turkish, and Iranian Affairs, Department of State
H, Office of the Assistant Secretary of State for Congressional Relations
HAR, series indicator for telegrams to Washington from Harriman as Chairman of the Temporary Council Committee, NATO
HICOG, United States High Commissioner for Germany
HICOM, High Commission(er) for Germany
HMG, His Majesty's Government
HPPP, High Priority Production Program
IAC, Intelligence Advisory Committee
IAR, International Authority for the Ruhr
IARA, Inter-Allied Reparation Agency
IBD, Division of International Broadcasting, Department of State
IC, Indochina
ILO, International Labor Organization
IMF, International Monetary Fund
Indo, Indonesia
infotel, information telegram
INS, International News Service
intel, circular information telegram
IRO, International Refugee Organization
ISA, Office of International Security Affairs, Department of State
ISAC, International Security Affairs Committee
ISG(G), Intergovernmental Study Group on Germany
IZT, Interzonal trade agreement (Germany)
JAMAG, Joint American Military Advisory Group
JAMMAT, Joint American military Mission for Aid to Turkey
JCS, Joint Chiefs of Staff
JEIA, Joint Export-Import Agency
JP, *Jung Pionier* (Young Pioneer)
KDP, *Kommunistische Partei Deutschlands* (Communist Party of Germany)
L/EUR, Assistant Legal Adviser for European Affairs, Department of State
LA, Latin America
LDP, *Liberal-Demokratische Partei* (Liberal Democratic Party)
LOC, line of communication
MAAG, Military Assistance Advisory Group
MAP, Military Assistance Program
MB, Munitions Board
MC, Military Committee, NATO
MDAA, Mutual Defense Assistance Act
MDAP, Mutual Defense Assistance Program
ME, Middle East
MEC, Middle East Command
MEDB, Middle East Defense Board
MEDLO, Middle East Defense Liaison Organization
MG, Military Government
MilCom, Military Committee, NATO
MPSB, Military Production and Supply Board, NATO
MRC, Military Representatives Committee, NATO
MRP, *Mouvement Républicain Populaire*, French political party
MSA, Mutual Security Agency
MSB, Military Security Board
MSP, Mutual Security Program
MT (MTP, MTDP), Medium Term Defense Plan, NATO

MTB, motor torpedo boat
mytel, my telegram
NA, North Atlantic
NAC, North Atlantic Council
NACD (NACDep), North Atlantic Council Deputies
NAO, North Atlantic Ocean
NAORPG, North Atlantic Ocean Regional Planning Group
NAT(O), North Atlantic Treaty (Organization)
NATFEB, North Atlantic Treaty Organization Financial and Economic Board
NATIS, North Atlantic Treaty Organization Information Service
NATP, North Atlantic Treaty Pact
NCA, National Constituent Assembly
NE, Office of Near Eastern Affairs, Department of State; Near East
NEA, Bureau of Near Eastern, South Asian, and African Affairs, Department of State
NECDB, Near East Cooperative Defense Board
niact, night action, communications indicator requiring attention by the recipient at any hour of the day or night
NIOC, National Iranian Oil Company
NKVD, Soviet secret police
NRW, Nordrhein-Westfalen
NSC, National Security Council
ODM, Office of Defense Mobilization
OEEC, Organization for European Economic Cooperation
OLC, Office of the *Land* Commissioner
OMP, Office of International Materials Policy, Department of State
OOF, Office of Operating Facilities, Department of State
OSP, off-shore procurement
OSR, Office of the United States Special Representative in Europe under the Foreign Assistance Act of 1948
ourtel, our telegram
PanAm, Pan American World Airways
PAO, Public Affairs Officer
PBOS, Planning Board for Ocean Shipping, NATO
PC, participating country
PCC, Palestine Conciliation Commission (United Nations)
PED, Petroleum Policy Staff, Department of State
PEPCO, Political and Economic Projects Committee, Office of the United States High Commissioner for Germany
PLI, prohibited and limited industries
PM, Prime Minister
PolAd, Political Adviser
PolCom, Political Committee
PriMin, Prime Minister
PW, Prisoner of War
PWS, Permanent Working Staff
RA, Office of European Regional Affairs, Department of State
RCT, Regimental Combat Team
reDeptel, regarding Department of State telegram
reEmbtel, regarding Embassy telegram
refcirtel, reference circular telegram
reftel, reference telegram
RelCom, Committee on Foreign Relations, United States Senate
remytel, regarding my telegram
Repna series indicator for telegrams on matters dealing with NATO from the United States Special Representative in Europe under the Foreign Assistance Act of 1948
Repsec, series indicator for telegrams to the Secretary of State from the United States Special Representative in Europe under the Foreign Assistance Act of 1948
Repto, series indicator for messages to the Economic Cooperation Administration headquarters in Washington from the United States Special Representative in Europe under the Foreign Assistance Act of 1948; also series indicator for messages from the United States Delegation at the Temporary Council Committee, NATO, to the Department of State
reurtel, regarding your telegram
RFE, Radio Free Europe
RGR, *Rassemblement des Gauches Républicaines,* French political party

RIAS, *Rundfunk im Amerikanischen Sektor* (United States Radio in the American Sector of Berlin)
RM, raw materials
ROK, Republic of Korea
R-P, Rhineland-Palatinate
RPF, *Rassemblement du Peuple Français,* French political party
RPTS, series designation for reports prepared in the Department of State for use in possible talks with the Soviet Union in the spring of 1951
S/A, Ambassador at Large, Department of State
S/Def, Office of the Secretary of Defense
S/ISA, Office of International Security Affairs, Department of State
S/MDA, Office of the Mutual Defense Assistance Program, Department of State
S/P, Policy Planning Staff, Department of State
S/S, Executive Secretariat, Department of State
SAC, Supreme Allied Commander
SACA, *see* SACLANT
SACEUR, Supreme Allied Commander, Europe
SACLANT, Supreme Allied Commander, Atlantic
SACME, Supreme Allied Commander, Middle East
SAG, Saudi Arabian Government
SC, Security Council of the United Nations
SCC, Screening and Costing Committee of the Temporary Council Committee, NATO
SCC, Soviet Control Commission (in Germany)
SCS, Screening and Costing Staff of the Temporary Council Committee, NATO
SEA, Southeast Asia
SecDef, Secretary of Defense
SecGen, Secretary-General of the United Nations
Secrep, series indicator for telegrams from the Secretary of State to the United States Special Representative in Europe under the Foreign Assistance Act of 1948
Secto, series indicator for telegrams to the Department of State from the Secretary of State or his Delegation in connection with conferences of Foreign Ministers
SED, *Sozialistische Einheitspartei Deutschlands* (Socialist Unity Party), the Communist Party in East Germany
SG, Standing Group of the Military Committee of the North Atlantic Council
SHAEF, Supreme Headquarters, Allied Expeditionary Force (1944–1945)
SHAPE, Supreme Headquarters, Allied Powers, Europe
Shapeto, series indicator for telegrams from the Supreme Headquarters, Allied Powers, Europe
Sigto, series indicator for telegrams from the United States Delegation at the Intergovernmental Study Group on Germany
SOA, Office of South Asian Affairs, Department of State
SovDel, Soviet Delegation
SPD, *Sozialdemokratische Partei Deutschlands* (German Social Democratic Party)
SRP, *Sozialistische Reichspartei* (Socialist Reich Party)
SUSRep, Senior United States Representative, North Atlantic Treaty Military Production Supply Board
SYG, Secretary-General of the United Nations
TA, technical assistance
TAFCE, Tactical Air Force, Central Europe
TCC, Temporary Council Committee, NATO
Telac, series indicator for telegrams to Secretary of State Acheson while away from Washington
telcon (**telcom**), telecommunication conference
TGS, Turkish General Staff
TIAS, Treaties and Other International Acts Series
Todep, series indicator for telegrams to the United States Deputy Representative to the North Atlantic Council

Toeca, series indicator for telegrams to the Economic Cooperation Administration in Washington from its missions abroad

Toisa, designation for telegrams dealing with matters within the responsibility of the Director, International Security Affairs, Department of State

Topent, series indicator for telegrams from the United States Delegation on the Screening and Costing Committee of the Temporary Council Committee, NATO, to the Secretary of Defense

TopSec, Top Secret

Torep, series indicator for messages from the Economic Cooperation Administration headquarters in Washington to the United States Special Representative in Europe under the Foreign Assistance Act of 1948

Tosec, series indicator for telegrams from the Department of State to the Secretary of State or his delegation in connection with conferences of Foreign Ministers

Tosig, series indicator for telegrams to the United States Delegation at the Intergovernmental Study Group on Germany

TRC, Office of Transport and Communications Policy, Department of State

T.S., Top Secret

TWA, Trans-World Airlines, Inc.

TWP, Three Western Powers

UKDel, United Kingdom Delegation

UNA, Bureau of United Nations Affairs, Department of State

UNESCO, United Nations Educational, Scientific and Cultural Organization

UNGA, United Nations General Assembly

UNP, Office of United Nations Political and Security Affairs, Department of State

UNRRA, United Nations Relief and Rehabilitation Administration

uragram, your airgram

urinfo, your information

urtel, your telegram

USA, United States Army

USAF, United States Air Force

USAFE, United States Air Force, Europe

USCOB, United States Command (Commander, Commandant), Berlin

USDel, United States Delegation

USDep, United States Deputy Representative on the North Atlantic Council

USG, United States Government

USN, United States Navy

UST, *United States Treaties and Other International Agreements*

VOA, Voice of America

VVN, *Vereinigung der Verfolgten des Naziregimes* (Association of Victims of the Nazi Regime)

WE, Office of Western European Affairs, Department of State; Western Europe

WERPG, Western European Regional Planning Group

WFM, Washington Foreign Ministers' Meeting

WFTU, World Federation of Trade Unions

WG, Working Group

WU, Western Union (Belgium, France, Luxembourg, the Netherlands, and the United Kingdom), signatories of the Treaty of Brussels, March 17, 1948

WYF, World Youth Festival

ZVD, *Zentralverband der Vertriebenen Deutschen* (Central League of German Expellees)

LIST OF PERSONS

Editor's Note:—The identification of the persons in this list is limited to circumstances and positions under reference in this volume. Historical personages alluded to in the volume and certain minor officials are not identified. All titles and positions are American unless there is an indication to the contrary.

Abbott, Douglas C., Canadian Minister of Finance.
Abs, Hermann J., Chairman, German Federal Republic Delegation for Settlement of German External Debts.
Acheson, Dean G., Secretary of State.
Achilles, Theodore C., United States Vice Deputy on the North Atlantic Council.
Adenauer, Konrad, Chancellor; Foreign Minister of the Federal Republic of Germany from March 1951.
Allen, William Denis, Head of the German Political Department, British Foreign Office.
Alphand, Hervé, French Deputy Representative on the North Atlantic Council; President of the Conference for the Organization of a European Defense Community from February 1951.
Andersen, Hans G., Legal Adviser, Icelandic Foreign Ministry.
Anderson, Eugenie, Ambassador in Denmark.
Angelo, H. G., Office of United Nations Political and Security Affairs, Department of State.
Anschuetz, Norbert L., Officer in Charge of Greek Affairs, Department of State, until September 1951; First Secretary of Embassy in Greece from October 1951.
Arndt, Adolf, a leader of the German Social Democratic Party and member of the Bundestag of the Federal Republic of Germany.
Asher, Robert E., Adviser to the Director, Office of European Regional Affairs, until October 1951; thereafter, Special Assistant, Office of the Assistant Secretary of State for Economic Affairs.
Ashworth, Colonel Edward T., USA, Office of the Joint Chiefs of Staff.
Attlee, Clement R., British Prime Minister and First Lord of the Treasury, July 1945–October 1951.
Auchincloss, John Winthrop, Office of German Political Affairs, Department of State.
Auriol, Vincent, President of the French Republic.
Averoff, Evangelos, Acting Foreigh Minister of Greece.
Axen, Hermann, member of the Central Committee of the East German Socialist Unity Party (SED); Chief, Propaganda Section of the SED at the end of 1951.

Baeyens, Jacques, Director, Asia-Oceania Division, French Foreign Ministry.
Bakker, A. R. Tammenoms, Netherlands Vice Deputy Representative on the North Atlantic Council.
Baldwin, Charles F., Counselor of Embassy for Economic Affairs in the United Kingdom until October 4, 1951, Head of the United States Delegation to the Tripartite Conference on Aid to Yugoslavia, London, April–June 1951; Consul General at Singapore from October 4, 1951.
Baldwin, Hanson W., military correspondent for the *New York Times*.
Bancroft, Harding F., Bureau of United Nations Affairs, Department of State; Deputy United States Representative on the UN Collective Measures Committee.
Barbour, Walworth, Counselor of Embassy, with rank of Minister, in the Soviet Union, until July 1951; Bureau of European Affairs, Department of State, from July 1951; Acting Director, Office of Eastern European Affairs, from October 1951.
Barclay, Roderick E., Private Secretary of Foreign Secretary Bevin, until October 1951; thereafter, Assistant Under Secretary of State, British Foreign Office.

Barkley, Alben W., Vice President of the United States.

Barnard, John L., Office of European Regional Affairs, Department of State.

Barnes Robert G., Chief, Policy Reports Staff, Executive Secretariat, Department of State; Acting Deputy Director, Executive Secretariat, from May 21, 1951; Deputy Director. from September 2, 1951.

Barringer, Philip E., Office of the Secretary of Defense.

Bashkin, L. A., Political Adviser to the Soviet Commandant for Berlin, October-November 1951.

Bastin, A. J., Belgian member of the Permanent Working Staff, Defense, Financial and Economic Board, NATO.

Batt, William S., Chief, ECA Mission in the United Kingdom; United States Representative, Defense Production Board, NATO.

Battle, Lucius D., Special Assistant to the Secretary of State.

Baudouin, Prince Royal of Belgium, August 1950–July 1951; King of the Belgians from July 17, 1951.

Bayar, Celâl, President of the Turkish Republic.

Baydur, Hüseyin Ragip, Turkish Ambassador in Italy.

Beaulieu. *See* Leroy-Beaulieu, Paul.

Beaumarchais. *See* Delarüe Caron de Beaumarchais.

Bech, Joseph, Luxembourg Foreign Minister and Minister of Defense.

Beebe, Colonel Rayden E., Jr., USAF, Director, Office of North Atlantic Treaty Affairs in the Office of the Assistant to the Secretary of Defense (International Security Affairs).

Begoügne de Juniac, Gontran, French First Counselor of Embassy in the United States; Head of the French Delegation to the Tripartite Committee on Military Assistance to Yugoslavia, meeting in Washington after April 9, 1951.

Bell, John O., Assistant Director, Office of International Security Affairs, Department of State, until October 1951; Counselor of Embassy in Denmark, from December 1951.

Bellows, Everett H., Special Assistant in the Office of the Administrator, ECA.

Bendetsen, Karl R., Assistant Secretary of the Army (General Management).

Benediktsson, Bjarni, Icelandic Foreign Minister.

Bérard, Armand, French Deputy High Commissioner for Germany.

Berry, Burton Y., Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, Department of State.

Beugel, Ernst Hans van der, Chief, Division of Western European Affairs, Netherlands Foreign Ministry.

Bevin, Ernest, British Secretary of State for Foreign Affairs until March 1951.

Bidault, Georges, French Deputy Prime Minister and Minister of State, March-August, 1951; thereafter, Minister of National Defense; member of the Chamber of Deputies; President of the *Mouvement Républicain Populaire.*

Bishop, Max W., Department of State member on the National Security Council Staff until July 1951; Consul at Dhahran, Saudi Arabia, from July 1951; Consul General from September 1951.

Bissell, Richard M., Jr., Deputy Administrator for Economic Cooperation until September 1951; Acting Administrator from September 1951; Deputy Director for Mutual Security from December 1951.

Björnsson, Sveinn, President of Iceland.

Blaisse, P., Member of the Netherlands Parliament.

Blank, Theodor, Delegate of the Chancellor of the Federal Republic of Germany (Adenauer) for Problems Relating to the Increase of Allied Troops; Christian Democratic Union member of the Bundestag; Chief, German Federal Republic Delegation to the Conference for the Organization of a European Defense Community from July 1951.

Blankenhorn, Herbert, Minister-Director and Chief of Staff for Foreign Affairs in the Federal Chancellery until March 1951; thereafter, Head of the Department II, Political Affairs, German Federal Republic Foreign Office.

Bliss, Don Carroll, Minister in Canada.

Bluecher, Franz, Vice Chancellor of the Federal Republic of Germany and Minister for Relations with the Marshall Plan; Chairman, Free Democratic Party.

Boetzelaer van Oosterhout, Carel Baron van, Netherlands Ambassador in France; Netherlands observer at the Conference for the Organization of a European Defense Community.

Bohlen, Charles E., Minister in France until March 1951; Counselor of the Department of State from March 13, 1951; member of the Senior Staff, National Security Council from July 1951.

Bolté, Lieutenant General Charles L., USA, Deputy Chief of Staff for Plans, Office of the Chief of Staff, United States Army.

Boltz, Lothar, First Chairman, Free Democratic Party in East Germany; Deputy Prime Minister and Minister for Reconstruction, German Democratic Republic.

Bonbright, James C. H., Deputy Assistant Secretary of State for European Affairs.

Bonesteel, Colonel Charles H., 3d, USA, Attaché (MDAP) in the United Kingdom; Executive Director, European Coordinating Committee, MDAP.

Bonnet, Henri, French Ambassador in the United States.

Bonsal, Philip W., Counselor of Embassy in France.

Boon, Hendrik N., Secretary-General, Netherlands Foreign Ministry.

Bourbon-Busset, Jacques de, *Directeur du Cabinet*, French Foreign Ministry.

Bourne, Major General G. K., General Officer Commanding, Berlin (British Sector), until October 1951.

Bowie, Robert R., Chief, Office of the General Counsel, HICOG.

Bowker, Sir Reginald James, Assistant Under-Secretary of State, British Foreign Office.

Bradley, General of the Army Omar N., Chairman, Joint Chiefs of Staff.

Brandt, Willy, nonvoting Social Democratic member for West Berlin of the Bundestag of the German Federal Republic; editor-in-chief of the *Berliner Stadblatt*.

Brannan, Charles F., Secretary of Agriculture.

Bray, William H., Jr., Chief of Program Staff, MDAP, until early 1951; thereafter, in the Office of International Security Affairs, Department of State.

Brentano, Heinrich von, Chairman, Christian Democratic Union Party; Chairman, German Federal Republic Delegation to the Council of Europe.

Brofoss, Erik, Norwegian Minister of Trade.

Bronz, George, Special Assistant to the General Counsel, Department of the Treasury.

Brook, Sir Norman C., Secretary of the British Cabinet until November 1951; Chief Planning Officer and Deputy Permanent Secretary of the Treasury from November 1951.

Broustra, Vincent, Head of the Conference Secretariat of the French Foreign Ministry.

Bruce, David K. E., Ambassador in France; observer at the Conference for the Organization of a European Defense Community from February 1951.

Bryn, Dag, Norwegian Deputy Representative on the North Atlantic Council.

Burin des Roziers, Étienne, member of the French Delegation to the North Atlantic Council Deputies.

Burns, Major General James H., USA (Ret.), Assistant to the Secretary of Defense for International Security Affairs until July 1951.

Burrows, Bernard A. B., Counselor, British Embassy in the United States.

Bush, Vannevar, President of the Carnegie Institution of Washington; Director of the Office of Scientific Research and Development, 1941–1946; Chairman, Research and Development Board, National Military Establishment, 1947–1948.

Butler, Richard A., British Chancellor of the Exchequer from October 1951.

Buttenwieser, Benjamin J., United States Assistant High Commissioner for Germany.

Byington, Homer M., Jr., Director, Office of Western European Affairs, Department of State.

Byroade, Henry A., Director, Bureau of German Affairs, Department of State.

Cabot, Thomas D., Director, International Security Affairs, Department of State, February–October 1951.

Caffery, Jefferson, Ambassador in Egypt.

Calhoun, John A., Deputy Director, Office of German Political Affairs, Department of State.

Carmona, General Antonio Oscar de Fragoso, President of Portugal, 1928–1951; died April 18, 1951.

Carney, Admiral Robert B., USN, Commander in Chief, United States Naval Forces, Eastern Atlantic and Mediterranean, 1950–1952; Commander in Chief, Allied Forces, Southern Europe and Commander in Chief, Allied Naval Forces, Southern Europe, from June 18, 1951.

Carns, Colonel Edwin H. J., USA, Deputy Secretary, Joint Chiefs of Staff.

Carolet, Major General (*Général de Brigade*) Pierre Louis, French Commandant for Berlin.

Carpentier, Lieutenant General (*Général de Corps*) Marcel Maurice, French Deputy Chief of Staff at SHAPE.

Cattier, Jean, Chief, ECA Special Mission in the Federal Republic of Germany; Director, Office of Economic Affairs, HICOG, until July 1951.

Chapin, Selden, Ambassador in the Netherlands.

Chauvel, Jean, French Permanent Representative at the United Nations.

Chuikov, General of the Army Vasiliy Ivanovich, Commander in Chief, Soviet Occupation Forces in Germany; Chief, Soviet Military Administration in Germany; Chairman, Soviet Control Commission for Germany.

Churchill, Sir Winston S., leader of the Conservative Party in the British House of Commons until October 1951; Prime Minister and First Lord of the Treasury from October 26, 1951.

Clasen, André, Luxembourg Deputy Representative on the North Atlantic Council.

Claxton, Brooke, Canadian Minister of National Defense.

Clay, General Lucius D., USA (Ret.), United States Military Governor for Germany, 1945–1949.

Cleveland, Harlan, Deputy to the Assistant Administrator for Program, ECA; Chairman, Finance and Economic Group, ISAC.

Cleveland, Stanley M., Second Secretary of Embassy in France.

Cohen, Benjamin V., Alternate Representative at the Sixth Session of the United Nations General Assembly.

Collins, General J. Lawton, Chief of Staff, United States Army.

Conant, James B., President of Harvard University.

Connally, Tom, Senator from Texas; Chairman, Senate Committee on Foreign Relations.

Conolly, Admiral Richard L., USN, Commander-in-Chief, U.S. Naval Forces, Eastern Atlantic and Mediterranean, November 1, 1947–October 31, 1950.

Costa Leite, Joao Pinto da, Portuguese Minister of the Presidency.

Cox, Henry B., Office of German Political Affairs, Department of State.

Crawford, Lieutenant General Sir Kenneth, Controller of Munitions in the British Ministry of Supply.

Cunha, Paulo A. V., Portuguese Foreign Minister.

Daridan, Jean, French Minister Counselor of Embassy in the United States.

Davies, Ernest A. J., British Parliamentary Under-Secretary of State for Foreign Affairs until October 1951.

Davis, Vice Admiral Arthur C., USN, Director, Joint Staff, Joint Chiefs of Staff.

Davis, Richard H., Officer in Charge of U.S.S.R. Affairs, Office of Eastern European Affairs, Department of State.

Dayton, Kenneth, Chief, Internal Political Affairs Division, Office of Political Affairs, HICOG, until the summer of 1951; subsequently, Deputy Director, Office of Political Affairs, HICOG.

De Ganeval, Lieutenant General Jean, French Military Representative at the Bonn talks concerning a German military contribution to Western Defense; Chief of Staff for French Minister of National Defense.

De Gasperi, Alcide, Italian Prime Minister; Foreign Minister from July 26, 1951.

De Gaulle, General Charles, former President of the Provisional Government of the French Republic; Leader of the *Rassemblement du Peuple Français*.

De Greef, Colonel Édouard, Belgian Minister of Defense.

Dehler, Thomas, German Federal Republic Minister of Justice; member of the Executive Committee of the Free German Party and member of the Bundestag.

De Juniac. *See* Begoügne de Juniac.

Delarüe Caron de Beaumarchais, Jacques, Officer in Charge of Saar Political Affairs, French Foreign Ministry.

De Lattre de Tassigny, General of the Army Jean, French High Commissioner in Indochina; Commander in Chief, French Union Forces in Indochina.

De L'Isle and Dudley, Baron (William Philip Sidney), British Secretary of State for Air from October 1951.

De Maizière, Lieutenant General Ulrich, former German General Staff officer; Military Adviser to the German Federal Republic Delegation to the Conference for the Organization of a European Defense Community from February 1951.

De Margerie. *See* Jacquin de Margerie.

Dengin, Major General Sergey Alexeyevich, Soviet Commandant for Berlin.

Dertinger, Georg, Foreign Minister of the Democratic Republic of Germany.

De Staercke, André, Belgian Deputy Representative on the North Atlantic Council; Head of the Belgian Delegation to the Conference for the Organization of a European Defense Community from December 1951.

Dibelius, Otto Friedrich Karl, Bishop of the Evangelical Church, Berlin-Brandenburg Diocese, and Chairman of the Evangelical Church of Germany.

Dickinson, Edward T., Assistant to the Joint Secretaries of the Army, Navy, and Air Force.

Dittmann, Herbert, Acting Chief of the German Federal Republic Liaison Group to the Allied High Commission for Germany, until July 1951; thereafter, Head of the Personnel and Organization Department, German Federal Republic Foreign Office.

Dixon, Ben Franklin, Office of Greek, Turkish, and Iranian Affairs, Department of State.

Dixon, Sir Pierson J., British Deputy Under-Secretary of State for Foreign Affairs; Superintending Under-Secretary of the Western Organization Department (NATO), British Foreign Office.

Dorsz, Edmund J., Deputy Director, Office of Greek, Turkish, and Iranian Affairs, Department of State.

Drees, Willem, Netherlands Prime Minister and Minister for General Affairs.

Dulles, John Foster, Consultant to the Secretary of State.

Duncan, Vice Admiral Donald B., USN, Vice Chief of Naval Operations.

Dunn, James C., Ambassador in Italy.

Ebert, Friedrich, Mayor of East Berlin.

Eden, Anthony, a leader of the Conservative Party in the British House of Commons; Secretary of State for Foreign Affairs from October 27, 1951.

Eich, Wilhelm K., West Berlin Senator for Economics and Food from February 1951.

Eisenhower, General of the Army Dwight David, Supreme Allied Commander, Europe.

Elbrick, Charles Burke, Counselor of Embassy in the United Kingdom; member of the Mission to NATO from July 1951.

Elliot, Air Chief Marshal Sir William, Chairman, British Joint Services Mission in the United States, and British Permanent Representative, NATO Standing Group, after April 1951.

Ély, Lieutenant General Paul, Chief, French Military Mission in the United States; French Permanent Representative, NATO Standing Group.

Erhard, Ludwig, German Federal Republic Minister of Economic Affairs.

Eriksen, Erik, Danish Prime Minister.

Erkin, Feridun C., Turkish Ambassador in the United States.

Erlander, Tage, Swedish Prime Minister.

Ernst, Roger, Office of the Secretary of Defense.

Esenbel, Melih, Turkish Counselor of Embassy in the United States.

Fechteler, Admiral William M., USN, Commander in Chief, Atlantic Fleet, until July 1951; Chief of Naval Operations from August 1951.

Ferguson, John Haven, member, and Deputy Director, Policy Planning Staff, Department of State, from April 1951.

Fessenden, Russell, Office of European Regional Affairs, Department of State.

Finletter, Thomas K., Secretary of the Air Force.

Fisher, Adrian S., Legal Adviser, Department of State.

Foley, Edward H., Under Secretary of the Treasury.

Forest, Alexander R., Policy Reports Secretary, Office of the Executive Secretary, HICOG.

Foster, William C., Administrator for Economic Cooperation until September 1951; Deputy Secretary of Defense from September 1951.

Franco y Bahamonde, General Francisco, Spanish Chief of State and Prime Minister.

François-Poncet, André, French High Commissioner for Germany.

Franks, Sir Oliver S., British Ambassador in the United States.

Fraser of North Cape, Baron (Bruce A. Fraser), Admiral of the Fleet, R.N., British First Sea Lord and Chief of Naval Staff.

Freund, Richard B., Attaché in the United Kingdom and member of the mission to NATO.

Gainer, Sir Donald St. Clair, Joint Permanent Under-Secretary of State (German Section), British Foreign Office.

Gaitskell, Hugh, British Chancellor of the Exchequer until October 1951.

Ganeval. *See* De Ganeval.

Geber, Anthony, Chief of the Economic Division of the Eastern Element of HICOG, at Berlin.

Gerhardsen, Einar, Norwegian Prime Minister until November 1951.

Gerhardt, Lieutenant Colonel Harrison A., USA, Special Assistant to the United States High Commissioner for Germany.

Gifford, Walter S., Ambassador in the United Kingdom.

Gillet, Robert, Deputy Director, Division of Economic and Financial Affairs, French Foreign Ministry.

Gleason, S. Everett, Deputy Executive Secretary, National Security Council.

Godley, G. McMurtrie, 2d, Office of Western European Affairs, Department of State.

Golay, John F., Deputy United States Secretary on the Allied General Secretariat, Allied High Commission for Germany.

Gordon, Lincoln, Economic Adviser of the Special Assistant to the President (Harriman); Assistant to the Deputy Administrator for Economic Cooperation.

Grandval, Gilbert, French High Commissioner for the Saar.

Grandville. *See* La Chevardière de la Grandville.

Green, Theodore Francis, Senator from Rhode Island.

Greene, Joseph N., Office of Western European Affairs, Department of State.

Grewe, Wilhelm, Head of the Office for Changing the Occupation Statute Through Contractual Relations, German Federal Republic Foreign Office from March 1951.

Grigoropolous, Lieutenant General Theodore, Chief of Staff, Greek Army.

Gromyko, Andrey Andreyevich, Soviet First Deputy Foreign Minister.

Grotewohl, Otto, Cochairman of the Socialist Unity Party and Minister-President of the German Democratic Republic.

Gruber, Karl, Austrian Foreign Minister.

Gruenther, Lieutenant General Alfred M., USA, Chief of Staff, SHAPE; General from August 1, 1951.

Guillaume, Baron (Jules Guillaume), Belgian Ambassador in France.

Guiringaud, Louis de, Political Adviser to the French High Commissioner for Germany.

Gundersen, O. C., Norwegian Minister of Justice.

Haakon VII, King of Norway.

Haas, Friedrich, West Berlin Senator for Finance.

Hakki, Abdul Rahman, Egyptian Under Secretary of State for Foreign Affairs.

Halaby, Najeeb E., Jr., Special Assistant to the Administrator, Office of the Assistant for International Security Affairs, ECA.

Hall-Patch, Sir Edmund Leo, Permanent British Representative at the Organization for European Economic Cooperation; Chairman, Executive Committee of the OEEC Council.

Hallstein, Walter, State Secretary for Foreign Affairs in the German Federal Chancellery from August 1950; State Secretary and Head of the Office for the Schuman Plan in the German Federal Republic Foreign Office from March 13, 1951.

Handy, General Thomas T., USA, Commander in Chief, European Command.

Hannay, Evan B., Financial Policy and Trade Development Division, ECA.

Harriman, W. Averell, Special Assistant to the President until October 1951; Chairman, Temporary Council Committee (North Atlantic Council), from September 1951; Director for Mutual Security from October 1951.

Harris, Michael S., Chief, ECA Special Mission in the Federal Republic of Germany; Director, Office of Economic Affairs, HICOG from July 1951.

Harrison, Geoffrey W., Head of the Northern Department, British Foreign Office until October 1951; thereafter, Assistant Under-Secretary of State for Foreign Affairs.

Harvey, Sir Oliver Charles, British Ambassador in France.

Haselton, Norris S., Officer in Charge of Economic Affairs, Office of British Commonwealth and Northern European Affairs, Department of State, until April 1951; thereafter, Acting Officer in charge of Dominion Affairs.

Hasselman, Lieutenant General B.R.P.F., Chief of General Staff, Royal Netherlands Army.

Hauge, Jens Christian, Norwegian Minister of Defense.

Hay, John, Office of German Political Affairs, Department of State.

Hays, Major General George P., USA, United States Deputy High Commissioner for Germany.

Hayter, William Goodenough, British Minister in France.

Hebbard, William L., Assistant Director, Office of International Finance, Department of the Treasury.

Heinemann, Gustav, German Federal Republic Minister of the Interior in 1950.

Herod, William R., Coodinator of North Atlantic Defense Production; ex officio member of the Defense Production Board, NATO.

Herz, Martin F., Second Secretary of Embassy in France.

Hesselund-Jensen, Aage, Danish Counselor of Embassy in the United States.

Heusinger, Alfred, former German General.

Heuss, Theodor, President of the Federal Republic of Germany.

Hickerson, John D., Assistant Secretary of State for United Nations Affairs.

Hillenbrand, Martin J., Officer in Charge of Government and Administration, Office of German Political Affairs, Department of State.

Hirsch, Étienne, Deputy Commissioner General of the Plan for Modernization and Reequipment of the French Economy; French Deputy Commissioner of the Preparatory Conference on the Schuman Plan.

Hoffmann, Johannes, Minister-President of the Saar.

Holmes, Julius C., Minister in the United Kingdom.

Holt, John B., Soviet Sector Branch, Political Affairs Division, Berlin Element, HICOG, until February 1951; Acting Director, Eastern Element, HICOG, from February to July.

Honecker, Erich, First Chairman of the Free German Youth and candidate-member of the Politburo of the Socialist Unity Party.

Hood, Viscount (Samuel Hood), British Counselor of Embassy in France until October 1951; Head of Western Organizations Department, British Foreign Office, from October 1, 1951.

Hoover, Herbert, former President of the United States, member of the Advisory Board of the International Bank for Reconstruction and Development.

Hopkinson, Daniel K., Director, European Program Division, ECA.

Hoyer-Millar. *See* Millar.

Hughlin, Colonel Henry C., USAF, staff member of the United States representation on the NATO Standing Group, Office of the Secretary of Defense.

Hull, Major General John E., USA, Director, Weapons Systems Evaluation Group, Office of the Secretary of Defense.

Humelsine, Carlisle H., Deputy Under Secretary of State for Administration.

s'Jacob, Hendrik L., Netherlands Minister for War, until March 1951.

Jacobs, George R., Assistant Chief, Division of Industry and Development, Office of German Economic Affairs, Department of State, until February 1951; thereafter, International Relations Officer in the same Office.

Jacquin de Margerie, Christian, French Counselor of Embassy in the United States, until July 1951; thereafter, Counselor of Embassy in Vatican City.

Jacquin de Margerie, Roland, Assistant Director General for Political and Economic Affairs, French Foreign Ministry.

Janne, Henri, Chairman and Belgian Representative, NATO Defense Production Board.

Jebb, Gladwyn, British Permanent Representative at the United Nations.

Jessup, Philip C., Ambassador at Large; member of the National Security Council Senior Staff until July 1951.

Juin, General of the Army Alphonse P., French Resident General in Morocco until January 1951; thereafter, Inspector General, French Armed Forces; Commander in Chief, Allied Army Forces, Central Europe, from April 1951; redesignated Commander in Chief, Allied Land Forces, Central Europe, on August 2, 1951.

Juniac. *See* Begoügne de Juniac.

Kaiser, Jakob, German Federal Republic Minister for All-German Questions.

Kaplan, Jacob J., European Program Division, ECA.

Katz, Milton, United States Special Representative in Europe under the Foreign Assistance Act of 1948 until September 1951.

Kauffmann, Henrik L. H. de, Danish Ambassador in the United States.

Kaumann, Gottfried, German Federal Republic representative at the interzonal trade agreement negotiations.

Kearney, Richard D., Office of German Economic Affairs, Department of State.

Kellermann, Henry J., Office of German Public Affairs, Department of State.

Kennan, George F., Career Minister in the Foreign Service, on leave during 1951; proposed as Ambassador to the Soviet Union in November 1951.

Kennedy, Joseph P., Ambassador in the United Kingdom, 1937–1941; author of articles on international and economic questions.

Kerr, Robert Samuel, Senator from Oklahoma.

Kerr, Walter B., Jr., diplomatic correspondent and Chief, Paris Bureau, New York *Herald Tribune*.

Kielinger, Valentin Anton, West Berlin Senator for Justice.

Kielmannsegg, Johann, Office of the Commissioner for Questions Arising in Connection With an Increase of Allied Troops, German Federal Republic.

King, James E., Jr., Executive Secretary, HICOG.

King, W. L. MacKenzie, Canadian Prime Minister, 1921–1930, 1935–1948.

Kirk, Alan G., Ambassador in the Soviet Union.

Kirkpatrick, Sir Ivone A., British High Commissioner for Germany.

Knapp, J. Burke, Attaché in the United Kingdom; assigned to NATO affairs after January 8, 1951.

Knight, Ridgway B., Officer in Charge of Political-Military Affairs, Office of European Regional Affairs, Department of State, until February 1951; thereafter, Acting Deputy Director, and from July 1951, Adviser on NATO Affairs.

Kohnstamm, Max, Director, German Bureau, Netherlands Foreign Ministry.

Köprülü, Fuat, Turkish Foreign Minister.

Kraft, Ole Bjørn, Danish Foreign Minister.

Kristensen, Thorkil, Danish Minister of Finance.

Kronacker, Baron (Paul Kronacker), a leader of the Belgian Liberal Party.

La Chevardière de la Grandville, Jean de, Assistant Chief, Office of Economic Cooperation, Bureau of Economic and Financial Affairs, French Foreign Ministry; Secretary General of the Conference for the Organization of a European Defense Community from February 1951.

Lacoste, Francis, French Deputy Representative to the United Nations Security Council.

Lalor, Rear Admiral William G., USN, Secretary of the Joint Chiefs of Staff.

Laloy, Jean, Officer in Charge of U.S.S.R. Affairs, French Foreign Ministry.

Lange, Halvard M., Norwegian Foreign Minister.

Langhelle, Nils, Norwegian Minister of Communications; occasionally Acting Deputy Foreign Minister.

Lattre de Tassigny. *See* De Lattre de Tassigny.

Laukhuff, Perry, Director, Office of German Political Affairs, Department of State.

Lawton, Frederick J., Director, Bureau of the Budget.

Lay, James S., Jr., Executive Secretary, National Security Council.

Lecheres, General Charles F., Chief of Staff, French Air Force; member of the Superior War Council; Acting Chairman, French Chiefs of Staff Committee; French Representative, Military Committee, North Atlantic Council.

Lefort, G., Economic Adviser to the French Commandant for Berlin.

Lehr, Dr. Robert, German Federal Republic Minister of the Interior.

Lemmer, Ernst, Editor of the Berlin newspaper *Der Kurier*.

Le Roy, Jean, French Counselor of Embassy in the United Kingdom.

Leroy-Beaulieu, Michel, Economic Adviser to the French High Commissioner for Germany.

Leroy-Beaulieu, Paul, Chairman, Financial and Economic Board, NATO.

Le Roy de la Tournelle, Guy, Director General for Political and Economic Affairs, French Foreign Ministry.

Levy-Hawes, Maurice, Office of British Commonwealth and Northern European Affairs, Department of State.

Lewis, Geoffrey W., Deputy Director, Bureau of German Affairs, Department of State.

Lie, Haakon, Secretary General, Norwegian Labor Party, since 1944.

Lie. Trygve H., Secretary-General of the United Nations.

Lieftinck, P., Netherlands Minister of Finance.

Lincoln, Anthony Handley, Head of the German Economic Department, British Foreign Office.
Lincoln, Colonel George A., USA, Office of the Secretary of Defense; assigned to SHAPE, Paris from October 1951.
Lind, Lewis M., Office of German Economic Affairs, Department of State.
Linder, Harold, Deputy Assistant Secretary of State for Economic Affairs.
Lindsay, Major General Richard C., USAF, Liaison Officer between NATO Standing Group and Council Deputies.
Lloyd, Selwyn, British Minister of State for Foreign Affairs from October 30, 1951.
Löbe, Paul Gustav Emil, West Berlin nonvoting Social Democratic Party member of the Bundestag of the German Federal Republic.
Locker, Melville, E., Deputy Director, Financial Policy and Trade Development Division, ECA.
Lodge, Henry Cabot, Jr., Senator from Massachusetts.
Loebe. *See* Löbe.
Lojendio, Miguel Maria de Legendio Irure, Spanish Counselor of Embassy in France.
Lombardo, Ivan Matteo, Chairman, Italian Delegation to the Conference for the Organization of a European Defense Community.
Lovett, Robert A., Deputy Secretary of Defense until September 1951; thereafter, Secretary of Defense.
Luciolli, Mario, Italian Counselor of Embassy in the United States.
Luetkens, Gerhard, leader of the German Social Democratic Party and member of the Bundestag of the German Federal Republic.
Lyon, Cecil B., Special Assistant to the United States Commander, Berlin, from August 1951; Director, Berlin Element, HICOG, from October 1951.

MacArthur, Douglas,II, Deputy Director, Office of European Regional Affairs, Department of State, until February 1951; thereafter, Counselor of Embassy in France, and Adviser on International Affairs to the Supreme Allied Commander Europe.
MacLean, Lieutenant General Sir Kenneth, Chief Staff Officer in the British Ministry of Defense.
MacVeagh, Lincoln, Ambassador in Portugal.
Magruder, Major General Carter B., USA, Defense Department representative at the London Tripartite talks on German Security Controls.
Maizière. *See* De Maizière.
Makins, Sir Roger, Deputy Under-Secretary of State, British Foreign Office.
Malik, Yakov Aleksandrovich, Soviet Deputy Foreign Minister; Permanent Representative to the United Nations.
Mallet, Sir William I., Deputy Under Secretary of State (for the Austrian Treaty), British Foreign Office; Ambassador in Yugoslavia, from October 1951.
Margerie. *See* Jacquin de Margerie.
Margolies, Daniel F., Deputy Director, Office of German Economic Affairs Department of State, from January 1951; Director from July 1951.
Marjolin, Robert E., Secretary General, Organization for European Economic Cooperation.
Marras, Lieutenant General Efisio L., Chairman, Italian Joint Chiefs of Staff; Italian Representative, Military Committee, North Atlantic Council.
Marshall, George C., Secretary of Defense until September 1951.
Marten, F. W., First Secretary, British Embassy in the United States.
Martin, Edwin M., Director, Office of European Regional Affairs, Department of State.
Massigli, René, French Ambassador in the United Kingdom.
Matern, Hermann, Chairman, Control Commission, East German Socialist Unity Party; Vice President of the East German *Volkskammer*.
Mathewson, Major General Lemuel O., USA, United States Commander, Berlin, from February 1951.
Matthews, H. Freeman, Deputy Under Secretary of State.
Mautz, William H., Director, Economic and International Security Estimates Division, Office of Assistant Secretary of Defense (Comptroller).
Mayer, René, French Minister of Justice until August 1951; thereafter Deputy Prime Minister, Minister of Finance, Minister of Economic Affairs.
McBride, Major General Horace L., USA, Chief, Joint American Military Mission for Aid to Turkey.
McBride, Robert H., Consul in Rabat, Morocco.
McClellan, John L., Senator from Arkansas.

McCloy, John J., United States High Commissioner for Germany.

McCormick, Admiral Lynde D., USN, Commander in Chief, Atlantic Fleet, from August 1951.

McCullough, James A., Director, Financial Policy and Trade Development Division, ECA.

McDermott, Michael J., Special Assistant to the Secretary of State (for Press Relations).

McFall, Jack K., Assistant Secretary of State for Congressional Relations.

McFarland, Ernest W., Senator from Arizona.

McGhee, George C., Assistant Secretary of State for Near Eastern, South Asian, and African Affairs.

McMahon, Brien, Senator from Connecticut.

McNarney, General Joseph T., USAF, Chairman, Screening and Costing Committee, NATO.

McWilliams, William J., Director, Executive Secretariat, Department of State.

Melville, Eugene, Financial Adviser to the British High Commissioner for Germany.

Merchant, Livingston T., Deputy Assistant Secretary of State for Far Eastern Affairs until November 1951; thereafter, Special Assistant for Mutual Security Affairs.

Merkatz, Hans-Joachim von, German Party member of the Bundestag of the German Federal Republic.

Mesta, Perle, Minister in Luxembourg.

Middleton, George H., Counselor, British Embassy in Iran.

Millar, Sir Frederick Robert Hoyer, British Deputy Representative, North Atlantic Council.

Miller, Frank J., Chief, Property Division, Office of Economic Affairs, HICOG.

Miller, William K., Office of German Economic Affairs, Department of State.

Moch, Jules, French Minister of National Defense, July 1950–August 1951.

Mollet, Guy, Secretary General, French Socialist Party; Minister of State in charge of Council of Europe Affairs, July 1950–March 1951; Deputy Prime Minister, March–August 1951.

Monnet, Jean, Commissioner General of the Plan for Modernization and Reequipment of the French Economy; President of the Preparatory Conference on the Schuman Plan.

Montenegro, Daniel W., Office of German Political Affairs, Department of State.

Montgomery of Alamein, Field Marshal Viscount (Bernard L. Montgomery), Chairman, Commanders in Chief Committee, Western Union Defense Organization, from March 1951; Deputy Supreme Allied Commander Europe.

Moore, C. Robert, Acting Officer in Charge of Turkish Affairs, Office of Greek, Turkish, and Iranian Affairs, Department of State.

Morgan, George A., Director, Eastern Element, HICOG, until November 1951.

Morrison, Herbert S., British Secretary of State for Foreign Affairs, March–October 1951.

Morse, Huntington T., Special Assistant to the Administrator, Maritime Administration, Department of Commerce; Alternate United States member of the Combined Shipping Adjustment Board—United States and Great Britain.

Morse, Wayne L., Senator from Oregon.

Motz, Roger, President of the Belgian Liberal Party.

Murphy, Robert D., Ambassador in Belgium.

Murray, Lieutenant Colonel Thomas C., USA, Office of the Secretary of Defense.

Nash, Frank C., Special Assistant to the Secretary of Defense until July 1951; thereafter, Assistant to the Secretary of Defense for International Security Affairs.

Nielsen, Sigurd (Sivert), Secretary, NATO Temporary Council Committee (TCC).

Niemöller, Martin, President of the Evangelical Church in Hesse and Nassau; President of the Ecclesiastical External Relations Office of the Evangelical Church in Germany.

Nitze, Paul H., Director, Policy Planning Staff, Department of State.

Norstad, Lieutenant General Lauris, USAF, Commander in Chief, United States Air Forces in Europe; Commander in Chief, Allied Air Forces in Central Europe, from March 1951.

Nunley, William T., Office of European Regional Affairs, Department of State.

Nuschke, Otto, Chairman, Christian Democratic Union in East Germany; Deputy Prime Minister of the German Democratic Republic.

Ofsthun, Colonel Sidney A., USAF, Office of the Assistant to the Secretary of Defense for International Security Affairs.
Ohly, John H., Deputy Director of Mutual Defense Assistance until January 8, 1951; thereafter, in the Office of International Security Affairs (ISA), Department of State; Assistant Director for Policy and Program Development (ISA) from October 1951.
Olafsson, Björn, Icelandic Minister of Commerce and Education.
Olav, Crown Prince of Norway.
Ollenhauer, Erich, a leading Social Democratic Party member of the Bundestag of the German Federal Republic.
Olmsted, Brigadier General George H., USA, Director, Office of Military Assistance, Office of the Secretary of Defense; Head of United States Delegation to the Tripartite Committee on Military Assistance to Yugoslavia, April 9, 1951; Chief, Joint MDAP mission to Yugoslavia from August 1951.
O'Neill, Con Douglas Walter, First Secretary and Political Director to the British High Commissioner for Germany.
Orlopp, Josef, Ministry for Foreign and German Trade, German Democratic Republic.
O'Shaughnessy, Elim, Officer in Charge of French-Iberian Affairs, Office of Western European Affairs, Department of State.
Oshins, Robert L., Deputy Director, Organization and Planning Division, ECA.

Pabsch, Anton F., Political Affairs Officer in the Internal Political and Governmental Affairs Division (Liaison and Political Reporting Division, after May 1951), Office of Political Affairs, HICOG.
Pacciardi, Randolfo, Italian Minister of Defense.
Pace, Frank, Jr., Secretary of the Army.
Page, Edward, Jr., Director, Berlin Element, HICOG, until July 1951.
Parkman, Henry, Chief, ECA Mission in France until August 1951.
Parodi, Alexandre, Secretary General, French Foreign Ministry.
Parrott, Cecil Cuthbert, Head of the United Nations (Political) Department, British Foreign Office.
Parsons, J. Graham, Deputy Director, Office of European Regional Affairs, Department of State, from July 1951.
Paul, Norman S., Deputy Assistant in the Office of the Assistant for International Security Affairs, ECA.
Pearson, Lester B., Canadian Secretary of State for External Affairs; Chairman Eighth Session of the North Atlantic Council at Rome, November 1951.
Pella, Giuseppe, Italian Minister of the Budget and Treasury until July 1951; thereafter, Minister of the Budget.
Perkins, George W., Assistant Secretary of State for European Affairs.
Petersen, Harald, Danish Defense Minister.
Petsche, Maurice, French Minister of Finance and Economic Affairs until August 1951; Minister of State, August–September 1951.
Pétursson, Gunnlaugur, Icelandic Deputy Representative on the North Atlantic Council.
Peurifoy, John E., Ambassador in Greece.
Pferdmenges, Robert, Christian Democratic Union member of the Bundestag of the German Federal Republic.
Phillips, Joseph B., Information and Editorial Specialist, Office of the Assistant Secretary of State for Public Affairs.
Pholien, Joseph, Belgian Prime Minister.
Pittman, Steuart L., Office of the General Counsel, ECA.
Pleven, René, French Prime Minister, July 1950–March 1951; Deputy Prime Minister, March–August 1951; Prime Minister, August 1951–January 1952.
Plowden, Sir Edwin, Chief Planning Officer and Chairman of the British Economic Planning Board; Vice Chairman, Temporary Council Committee, North Atlantic Council, from September 1951.
Porter, Ivor F., First Secretary, British Embassy in the United States.
Porter, Paul R., Assistant Administrator for Program, ECA; Acting United States Special Representative in Europe under the Foreign Assistance Act of 1948 from September 1951.
Prud'homme, Hector C., Director, Office of German Economic Affairs, Department of State.

Quaroni, Pietro, Italian Ambassador in France.

Queuille, Henri, French Minister of the Interior until March 1951; Prime Minister, March–August 1951; thereafter, Deputy Prime Minister and Minister of State.

Rau, Heinrich, Deputy Prime Minister of the German Democratic Republic and Chairman, State Planning Commission; member of the Politburo of the Socialist Unity Party.

Rayburn, Sam, Speaker of the House of Representatives.

Raynor, G. Hayden, Director, Office of British Commonwealth and Northern European Affairs, Department of State, from March 1951.

Reber, Samuel, Jr., Director of Political Affairs and Counselor, HICOG; United States Deputy for Austria, Council of Foreign Ministers.

Reifman, Alfred, Division of Research for Western Europe, Department of State.

Reimann, Max, Chairman of the German Communist Party; member of the Bundestag of the German Federal Republic.

Reinstein, Jacques, J., Director, Office of German Economic Affairs, Department of State, until December 1950; thereafter, on duty at Frankfort on the Main; Special Assistant to the Director, Bureau of German Affairs, Department of State, from August 1951.

Reuter, Ernst, Governing Mayor of West Berlin.

Richardson, Commander David C., USN, Joint Strategic Plans Group, Office of the Joint Chiefs of Staff.

Richey, Earle J., Office of African Affairs, Department of State.

Riddleberger, James W., United States Political Observer at the Conference for the Organization of a European Defense Community; attached to the ECA Mission in France; Acting Deputy United States Special Representative in Europe under the Foreign Assistance Act of 1948 from September 1951.

Ridgway, General Matthew B., USA, Commander in Chief, United Nations Command (Korea); Commander in Chief, Far East.

Ridsdale, William, Head of the News Department, British Foreign Office.

Riley, Roderick H., Officer in Charge of Industry and Development, Office of German Economic Affairs, Department of State, from spring 1951; Officer in Charge of Trade and Resources from fall 1951.

Roberts, Frank K., Deputy Under-Secretary of State (German Section), British Foreign Office, from October 1951.

Robertson, General Sir Brian H., British Commander-in-Chief, Middle East Land Forces.

Roediger, Professor Conrad, Deputy Head of the German Federal Republic Delegation to the Conference for the Organization of a European Defense Community.

Rogers, Jordan T., Office of German Economic Affairs, Department of State.

Roijen, Jan Herman van, Netherlands Ambassador in the United States.

Roll, Eric, British Representative on the NATO Financial and Economic Board; Chairman of the Economic and Financial Working Group, OEEC.

Roosevelt, Anna Eleanor (Mrs. Franklin D. Roosevelt), Chairman, United Nations Commission on Human Rights, until April 1951.

Rose, Edward M., Assistant to the Head of the Western Organizations Department, British Foreign Office.

Roseman, Alvin, United States Representative for Specialized Agency Affairs at Geneva, ECA, until June 1951; Director, Organization and Planning Division, ECA, from July 1951.

Rossi Longhi, Alberto, Italian Deputy Representative on the North Atlantic Council.

Rountree, William M., Director, Office of Greek, Turkish, and Iranian Affairs, Department of State.

Rowan, Sir Leslie, British Minister (Economic) in the United States until July 1951; Second Secretary in the British Treasury from September 1951.

Rueff, Jacques, French economist.

Salazar, Antonio de Oliveira, Portuguese Prime Minister.

Santos Costa, Lieutenant Colonel Fernando dos, Portuguese Minister of National Defense.

Satterthwaite, Livingston L., Deputy Director, Office of British Commonwealth and Northern European Affairs, Department of State, until August 1951; thereafter, on detail to the National War College.

Sauvagnargues, Jean, Officer in Charge of German Political Affairs, French Foreign Ministry; Acting Deputy Director from May 1951, Deputy Director from August 1951, Office of Central European Affairs, French Foreign Ministry.

Schacht, Hjalmar, German economist.
Schäffer, Fritz, German Federal Republic Minister of Finance.
Schelling, Thomas C., Economic Cooperation Administration until July 1951; thereafter, in the Executive Office of the President.
Schmid, Carlo, Deputy Chairman, Social Democratic Party of Germany.
Schreiber, Walter Carl Rudolf, Deputy Mayor of West Berlin.
Schumacher, Kurt, Chairman, Executive Committee, Social Democratic Party of West Germany; member of the Bundestag of the German Federal Republic.
Schuman, Robert, French Foreign Minister, leader of the *Mouvement Républicain Populaire.*
Schumann, Maurice, French Deputy Foreign Minister from August 1951.
Schuyler, Major General Cortlandt V. R., USA, Special Assistant to the Chief of Staff, SHAPE.
Scott, Joseph W., Officer in Charge of Swiss and Benelux Affairs, Office of Western European Affairs, Department of State.
Scott, Robert Heatlie, Assistant Under Secretary of State, British Foreign Office.
Semyonov, Vladimir Semyonovich, Political Adviser to the Chairman of the Soviet Control Commission in Germany.
Seydoux Fornier de Claussonne, François, Head of the European Affairs Section, French Foreign Ministry.
Sforza, Count Carlo, Italian Foreign Minister.
Sheppard, William J., Deputy Director, Executive Secretariat, Department of State, until August 5, 1951; then, Executive Assistant to the Director for International Security Affairs, until November 25, 1951; thereafter, Executive Assistant to the Director for Mutual Security.
Shinwell, Emanuel, British Minister of Defense until October 1951.
Shuckburgh, Charles A. E., Head of the Western Organizations Department, British Foreign Office, until October 1951; thereafter, Private Secretary to the Secretary of State for Foreign Affairs (Eden).
Sidi Mohammad, Sultan of Morocco.
s'Jacob. *See* s'Jacob under J.
Skaug, K., Norwegian Representative on the NATO Financial and Economic Board.
Slater, Joseph E., United States Secretary on the Allied General Secretariat, Allied High Commission for Germany.
Sleeman, Lieutenant Colonel R. G., Chairman Secretary, Allied Kommandatura, Berlin.
Slessor, Marshal of the Royal Air Force Sir John C., Chief, British Air Staff.
Slim, Field Marshal Sir William J., Chief, British Imperial General Staff.
Smirnov, Major General I. V., Administrative Officer, Soviet Control Commission in Germany.
Smith, Joseph Kingsbury, European General Manager, International News Service, Paris.
Snow, Conrad E., Acting Assistant Legal Adviser for Far Eastern Affairs, Department of State.
Snow, William P., Deputy Chief of Mission and Counselor of Embassy in Norway.
Snoy et d' Oppuers, Baron Jean-Charles, Belgian economist, former Chairman of the Council of the OEEC.
Snyder, John W., Secretary of the Treasury.
Spaak, Paul-Henri, former Belgian Prime Minister and Foreign Minister; President of the Consultative Assembly of the Council of Europe until December 1951; leader of the Belgian Socialist Party.
Speidel, Hans, former German General and military representative of the Federal Republic of Germany at the Bonn talks concerning a German contribution to Western defense and to the Conference for the Organization of a European Defense Community.
Spennrath, Friedrich, President of the West Berlin Chamber of Commerce.
Spierenburg, Dirk P., Chairman of the OEEC Council at the Official Level.
Spofford, Charles M., United States Deputy Representative on the North Atlantic Council; Chairman, North Atlantic Council Deputies and European Coordinating Committee.
Stabler, Wells, Officer in Charge of Egypt and Anglo-Egyptian Sudan Affairs, Department of State.
Staercke, André de, Belgian Deputy Representative on the North Atlantic Council.
Staf, Cornelis, Netherlands Minister for War and the Navy from March 1951.
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Steel, Sir Christopher E., British Minister in the United States.

Steensen-Leth, Vincens de, Danish Deputy Representative on the North Atlantic Council.

Stevens, Roger B., Assistant Under-Secretary of State, British Foreign Office; Alternate Representative at the Intergovernmental Study Group for Germany; Representative to the Tripartite Talks on a German Financial Contribution to Western Defense from October 1951.

Stikker, Dirk U., Netherlands Foreign Minister; Chairman, OEEC Council.

Stone, Shepard, Director, Office of Public Affairs, HICOG.

Strang, Sir William, British Permanent Under-Secretary of State for Foreign Affairs

Straus, Richard, Information and Education Specialist, Office of German Public Affairs, Department of State.

Stuyt, Giacomo Constantyn, Chief, Western Cooperation Section, Netherlands Foreign Ministry.

Suhr, Otto, President of the West Berlin House of Representatives.

Sultan, Herbert L., Legislation Division, Office of the General Counsel, HICOG.

Sulzberger, C. L., chief foreign correspondent for the *New York Times*.

Susin, A. F., Deputy Berlin Representative of the Soviet Control Commission for Germany.

Taft, Robert A., Senator from Ohio.

Tassigny. *See* De Lattre de Tassigny.

Taviani, Paolo Emilio, Under Secretary to the Italian Foreign Minister.

Tedder, Baron (Arthur William Tedder), Marshal of the Royal Air Force; British Permanent Representative, NATO Standing Group, until April 1951.

Thedieck, Franz, State Secretary in the German Federal Republic Ministry for All-German Questions.

Thompson, Llewellyn E., Jr., Counselor of Embassy in Italy.

Thorp, Willard L., Assistant Secretary of State for Economic Affairs.

Tjarda van Starkenborgh Stachouwer, Jonkheer Alidius W. L., Netherlands Deputy Representative on the North Atlantic Council.

Trimble, William C., First Secretary of Embassy in the United Kingdom until September 1951; then, Counselor of Embassy in the United Kingdom, until October 1951; thereafter, Counselor of Embassy in the Netherlands.

Trivers, Howard, First Secretary of Embassy in Denmark.

Truman, Harry S., President of the United States.

Tufts, Robert W., Policy Planning Staff, Department of State.

Twining, General Nathan F., Vice Chief of Staff, United States Air Force.

Ulbricht, Walter, Deputy Minister President of the German Democratic Republic; member of the Politburo and Central Committee of the Socialist Unity Party.

Ulrich, Ruy Ennes, Portuguese Deputy Representative on the North Atlantic Council.

Undén, Östen, Swedish Foreign Minister.

Van Boetzelaer. *See* Boetzelaer van Oosterhout.

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Vass, Laurence C., Officer in Charge of Political-Military Affairs, Office of European Regional Affairs, Department of State.

Vernon, Raymond, Commercial Policy Staff, Office of Transport and Communications, Department of State, from November 1951; thereafter, Deputy Director, Office of Economic Defense and Trade Policy, Department of State.

Villard, Henry S., Policy Planning Staff, Department of State.

Vinogradov, Major General Ilya Vasilyevich, Deputy Chief of Staff to the Chief of the Soviet Military Administration in Germany (Chuikov).

Vitetti, Leonardo, Director General of General Affairs, Italian Foreign Ministry.

Vocke, Wilhelm, President of the *Bank Deutscher Länder;* member of the Board, Bank for International Settlements.

Vockel, Heinrich, Representative of the Federal Republic of Germany in West Berlin.

Vredenburch, Jonkheer Hendrik F. L. K. van, Administrator of the Free Territory of Tangier, 1948–1951; from October 1951, Head of the Netherlands Delegation to the Conference for the Organization of a European Defense Community.

Vyshinsky, Andrey Yanuaryevich, Soviet Foreign Minister.

Wadsworth, George, Ambassador in Turkey.

Wainhouse, David W., Deputy Director, Office of United Nations Political and Security Affairs, Department of State, until April 1951; thereafter, Director.

Wansbrough-Jones, Major General Llewelyn, Chief of Staff, British Western Command.

Wapler, Arnauld, Chief, Atlantic Pact Division, French Foreign Ministry.

Ward, John G., British Deputy High Commissioner for Germany.

Webb, James E., Under Secretary of State.

Wehner, Herbert, Chairman of the Committee for All-German Questions in the Bundestag of the German Federal Republic.

Wellington, Rebecca G., Political Officer; Chief, Political Affairs Division, Berlin Element, HICOG, from May 1951.

Werkmeister, Karl, Chief, Permanent Mission of the Federal Republic of Germany to the OEEC.

Weskam, Wilhelm, Roman Catholic Bishop of Berlin, from June 1951.

Westrick, Ludger, State Secretary, Ministry of Economics, Federal Republic of Germany.

Wherry, Kenneth S., Senator from Nebraska.

White, Major General Thomas D., USAF, Director of Plans, Department of the Air Force.

Whiteley, Lieutenant General Sir John, F. M., Deputy Chief, British Imperial General Staff.

Whitman, Roswell H., Officer in Charge of Economic Organization Affairs, Office of European Regional Affairs, Department of State.

Wiesner, Louis Arnold, Office of German Political Affairs, Department of State.

Wilgress, L. Dana, Canadian Deputy Representative on the North Atlantic Council.

Williamson, Francis T., Deputy Director, Office of Western European Affairs, Department of State.

Willis, Frances E., First Secretary of Embassy in the United Kingdom; Counselor of Legation in Finland from February 1951.

Wilson, Charles E., Director of Defense Mobilization.

Wolf, Joseph J., Office of European Regional Affairs, Department of State.

Wood, C. Tyler, Deputy United States Special Representative in Europe Under the Foreign Assistance Act of 1948 until late December 1951; United States Representative, NATO Financial and Economic Board, after September 1951.

Wood, Sir Ernest, British Foreign Office, after April 7, 1951.

Woodward, Stanley, Ambassador in Canada.

Wooldridge, Rear Admiral Edmund T., USN, Deputy Director for Politico-Military Affairs, Joint Chiefs of Staff; Representative on the Senior Staff of the National Security Council.

Wright, Vice Admiral Jerauld, USN, Deputy to the United States Representative, NATO Standing Group.

Wyman, Parker D., Office of German Political Affairs, Department of State.

Yingling, Raymond T., Assistant Legal Adviser for European Affairs, Department of State.

Zeeland, Paul van, Belgian Foreign Minister; Chairman, Seventh Session of the North Atlantic Council in Ottawa.

Zoppi, Vittorio, Secretary General, Italian Foreign Ministry.

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Bonn Mission Files, McCloy Project, Lot 311

> Comprises a chronological record on all phases of the work of the Office of the United States High Commissioner for Germany including a "Diary" which indicates McCloy's daily appointments and conversations. Especially useful for documentation on the Allied High Commission for Germany.

CFM Files, Lot M–88

> Consolidated master collection of the records of conferences of Heads of State, Council of Foreign Ministers and ancillary bodies, North Atlantic Council, other meetings of the Secretary of State with the Foreign Ministers of European powers, and materials on the Austrian and German peace settlements for the years 1943–1955 prepared by the Department of State Records Service Center.

Conference Files, Lot 59 D 95

> Collection of documentation on certain official visits of European heads of government and foreign ministers to the United States and on major international conferences (including North Atlantic Council sessions) attended by the Secretary of State for the period 1949–1955, as maintained by the Executive Secretariat of the Department of State.

ECA Message Files, FRC 53 A 278

> Master set of telegrams and airgrams to and from all overseas missions for the years 1948–1951 as maintained by ECA Washington headquarters.

EDC Files, Lot 57 M 44

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Subject files maintained in the Office of the Assistant Secretary of State for European Affairs for the years 1945–1957.

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Central classified correspondence of the Consulate General in Frankfurt for the years 1950–1952. (Retained as a portion of FRC Accession no. 59 A 543.)

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Top Secret records relating to the activities of the International Security Affairs Committee for the period February–October 1951. including action summaries, committee summaries, memoranda of meetings, minutes, and other papers, as maintained in the Executive Secretariat of the Department of State.

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Classified files of the Embassy in the United Kingdom for 1951 containing important comprehensive collections of documentation (principally exchanges of telegrams but also memoranda and other papers) on Germany and Western European politico-military matters.

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Important Top Secret Army and Air Force telegrams furnished to the Department of State by the Department of Defense Liaison Officer during 1950–1951, dealing mostly with Korea but also with Germany and other European areas, as maintained by the Executive Secretariat of the Department of State.

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The principal repository for complete sets of the press and radio news conferences of the Secretary of State and press releases of the Department of State maintained by the News Division and successor units. Bound volumes of the press releases are also maintained in the Library of the Department of State.

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Master file of documents, drafts, records of meetings, memoranda and related correspondence for the years 1947–1953 of the Policy Planning Staff.

Secretary's Daily Meetings, Lot 58 D 609

Chronological collection of the records of the Secretary of State's daily meetings with top Department of State officials for the years 1949–1952, as maintained by the Special Assistant to the Secretary of State.

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Comprehensive chronological collections of the Secretary of State's memoranda, memoranda of conversation, and memoranda of conversation with the President for the years 1947–1953, as maintained by the Executive Secretariat of the Department of State.

Secretary's Memoranda of Conversation, Lot 65 D 238

Chronological collections of the Secretary of State's memoranda of conversation with the President for the years 1949–1952, memoranda of the Secretary of State and Under Secretary of State for the years 1951–1952, and the Secretary of State's memoranda of conversation with Senator Tom Connally of Texas for the years 1950–1951, as maintained by the Executive Secretariat.

Shulman Files, Lot 53 D 403

Files of Marshall D. Shulman, Special Assistant to the Secretary of State, containing materials used in the preparation of speeches by President Truman and Secretary of State Acheson for the years 1950–1953, as maintained by the Office of the Secretary of State.

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Serial and subject master file of National Security Council documents and correspondence for the years 1948–1961, as maintained by the Policy Planning Staff.

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B. UNOFFICIAL

Much authoritative information is to be found in unofficial publications written by those who participated in the events documented in this volume or by authors who compiled documentary histories based on already published official and unofficial materials. The editors have made use of such unofficial publications for factual information or have cited them as a source for documentation referred to in the documentation printed here. The Department of State assumes no responsibility for the accuracy of fact or interpretation in these unofficial publications. The publications of this type which have been most consulted in the preparation of this volume are set forth in the list that follows. Other works also consulted on particular points are identified in annotations at the appropriate places.

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THE GERMAN QUESTION

GENERAL POLICY OF THE UNITED STATES WITH RESPECT TO GERMANY[1]

Editorial Note

The documentation that follows presents an outline of United States policy toward Germany in 1951. Included in the compilation are only documents which illustrate the whole complex of issues which composed the German question and with which policy planners in the Department had to deal. The documents include a general assessment of the situation in Germany at the start of the year, a Department of State policy statement on Germany, reports on discussions held at Washington with members of the West German Bundestag, an appraisal by George Kennan of the situation in Germany, and two reports on Germany by High Commissioner McCloy. The footnotes to these documents indicate where, in the succeeding pages, further materials of a more detailed nature can be found on important issues relating to Germany and its position in Western Europe.

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[1] For previous documentation, see *Foreign Relations*, 1950, vol. IV, pp. 590 ff.

611.62A/1-551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, January 5, 1951.

5443. US policy in Germany clearly enters year 1951 facing extremely difficult problems in implementation of Brussels decisions, both re obtaining German defense contribution and negotiation of new partnership status for FedRep vis-à-vis Western occupation powers.[2] Viewed from standpoint of internal political situation, following factors appear paramount.

It seems clear that neither of the above goals, which together constitute Western Powers' major current objective in FedRep, can be attained, in any case securely, without SPD participation and approval in addition to that of present coalition government. Main problem here is undoubtedly that of Schumacher's attitude. Question is whether there are any prospects of his recognizing seriousness of present world situation to extent of abandoning or at least easing his tactics, which in recent months have dominated entire political scene, of "ohne mich" re defense and continuing demands against western powers, with objective of undermining Adenauer Government, coming to power himself and obtaining every possible concession from Allies for Germany.

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[1] Repeated to Bonn, London, Paris, and Moscow.

[2] For documentation on the decisions taken at Brussels, December 18 and 19, 1950, concerning a German defense contribution and a new contractual relationship, see *Foreign Relations*, 1950, vol. III, pp. 585 ff., and vol. IV, pp. 65 ff.

From this viewpoint, Schumacher's latest ideas as expressed to US High Commissioner December 23 (Frankfort's 5247 to Department December 27 [3]) certainly do not appear promising. His private declaration of possible willingness to accept "neutralization" as price for German unification is rather surprising in view of past SPD views this subject. While his December 18 interview carried Bonn *Generalanzeiger* (mentioned briefly item (*b*) Bonn's 417 to Department, December 22 [3]) hinted at such possibility, Department will have noted contrary statement which has evidently meanwhile appeared *il Tempo* (item (*f*) Bonn's 422 to Department December 29 [3]) and, in December 28 conversation with a HICOG representative in Bonn, Schumacher made substantially same point, adding that "neutrality is at present an illusion and there is no need to (even) discuss it."

Schumacher New Year's statement (Bonn's 425 of December 30 to Department [3]) denounced Grotewohl letter [4] as Soviet tactic create advantageous conditions for Four-Power talks [5] with hoped for result Soviet monopolistic control over all Germany. Thus Grotewohl maneuver really obstacle to genuine unification Germany on free basis Schumacher stressed German role in battle for unification as of increasing significance, and need impress on Allies and free world necessity for German unity and freedom precluding further Soviet exploitation and dominance East Zone and as vital for all free Europe and world democracy.[6]

In light this latest emphasis taken in conjunction December 23 talks with U.S. High Commissioner it may be surmised that in Schumacher's thinking neutrality concept is linked with notion of reunited Germany so strong it can maintain independence of action between East and West. He seems fully aware that neutrality plus weakness would mean quick absorption all Germany in Soviet sphere. He may desire push hard bargain with West in hope of winning further economic and military aid while staving off irrevocable decision on German participation defense until situation of strength securely established. Once this objective is achieved he might hope to push with some prospect of success for a free, united Germany in position exercise some freedom of choice which then would presumably favor West, at least in spirit of benevolent neutrality if not with outright assistance. This line of reasoning, if followed by Schumacher, represents, of course, optimum which he may have little real expectation of attaining under the circumstances.

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[3] Not printed.

[4] Reference to Grotewohl's letter to Adenauer, dated November 30, 1950.

[5] For documentation on the Four-Power Exploratory Talks at Paris, March 5–June 21, see pp. 1086 ff.

[6] For documentation on the question of German unity, see pp. 1747 ff.

It seems possible, however, that his new emphasis on unity and neutralization may at this juncture represent just another tactical development in Schumacher's continuing basic opposition to German defense contribution under present circumstances. In any case, his other remarks made December 23 suggest this conclusion is still justified, i.e., that SPD will continue oppose such contribution until full equality attained both within common defense organization and as regards FedRep's general political status, until western powers have deployed considerably greater military forces in Western Germany, and at same time plaguing Adenauer coalition with demands for new elections and amendment basic law. It also seems possible that SPD will refuse commit itself at all pending further clarification whether four power conference will in fact be held and if so pending its outcome. Moreover, SPD clearly has its sights on coming lower Saxony Landtag elections, *inter alia* with view to subsequently increasing its influence in Bundesrat, which might eventually permit it to hamstring Fed government pretty effectively (Frankfort's 4694 to Department December 5[7]).

On positive side of ledger, available evidence indicates clearly there are forces within SPD which may increasingly rebel against continuing negative and essentially party-political tactics at this critical juncture. Coming SPD Berlin Parteitag may throw some light on possibilities along this line, and strengthen such forces in Western German party organization. Furthermore, Schumacher's tactics of opposition and criticism are gradually getting him into a position which leaves little in way of practical alternatives, and which seems more and more likely to impress thoughtful Germans as unrealistic and unreasonable.

Problem of developing necessary broad common "foreign policy front" between Government coalition and SPD opposition for coming negotiations with HICOM is closely related to: Continuing rivalry and animosity between two main individuals concerned (Adenauer and Schumacher), and whole question of "grand coalition" prospects. First factor unfortunately continues to have considerable effect on

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[7] Not printed.

Western German political development and is bound to hamper coming negotiations. And while there is much evidence that sentiment has been growing within ranks of present coalition (and to lesser extent within SPD) in favor of "grand coalition" as only way to solve basic and critical issues now arising, there is still no sign that either Chancellor or Schumacher is as yet prepared to seriously strive for such Government, and in fact each evidently still regards the other as obstacle which precludes possibility of such coalition. Furthermore, Schumacher apparently convinced that time is working for him and he can eventually get much more by not entering any "grand coalition" at this time.

A further but not unimportant factor may, of course, result from Adenauer's chronic indisposition to consult with members of his Cabinet and Bundestag in matters of vital policy, though HICOM will do everything possible to impress upon him necessity of proceeding more carefully in implementation of Brussels decisions. Recent refusal of Foreign Affairs Committee to approve debt assumption should be a warning signal to Chancellor in this connection.[8]

Besides still-open question of how Federal Government and Parliament will react to defense proposal approved at Brussels (including possibilities for further negotiation re same), attitude of German people towards defense issue will still remain a serious problem. As pointed out Frankfort's 4157 to Department November 17,[9] there is still much popular uncertainty, apathy and defeatism, which latest UN reverses in Korea have certainly not helped (and upon which outcome of battles now pending will have further considerable effect).

Uncertainties connected with Soviet proposal for four power conference and Grotewohl letter have accentuated this state of mind, in particular by inducing sentiment that FedRep should avoid committing itself now, pending outcome of such discussions. As far as can be judged, fears have grown somewhat that German defense decision might provoke all-out Soviet attack, at time when Western military forces still insufficiently developed in general and FedRep inadequately defended. SPD seems to have exploited "Ohne Mich" feeling among masses in reckless fashion without careful consideration of possibility that Schumacher might be unable quickly restore positive popular attitude if and when SPD policy changes. In this connection latest Pub poll (December 19, 20) shows neutrality advocates almost equal in strength (41 percent) proponents of westward orientation (44 percent).

However, German people are still overwhelmingly anti-Soviet and anti-Communist, and reaction of Berlin population to challenge presented them in 1948 shows what can be accomplished providing they become convinced, *inter alia* as result of coming negotiations, that they have: (1) a cause worth fighting for (in terms of free, equal Germany and/or whatever progress can be made towards popular goal of unified Western Europe); and (2) with coming buildup in western powers both in general and in forces stationed within FedRep, a cause which can in fact successfully defend itself against Soviet imperialism. Development of positive opinion on latter score will presumably necessarily take some time.

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[8] For documentation on the assumption of the debts of the Third Reich by the Federal Republic, see pp. 1410 ff.

[9] Not printed.

McCLOY

033.62A11/2-1751: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, February 23, 1951—7 p. m.

5803. Urtel 6833 Feb 17.[2] Fol is summary of discussion between Ger Bundestag Delegs and members of Dept, Cong, Defense, ODM, ECA, etc. Memos of conversation with the Secy State, Secy Defense, Dir ODM airpouched to you several days ago. Complete summary all important conversations, incl 3-hour conversation with Byroade last night will be airpouched few days.[3]

German rearmament

By far most important subj of concern to Gers was subj defense contribution. All members expressed solidarity 98% Ger people with West, said Ger prepared make contribution under fol conditions: (*a*) Repeal of Occ Stat[4] giving Gers substantial polit equality including complete "autonomy" in internal affairs; (*b*) Increase in Allied Military strength in Ger (SPD mentioned 10-15 Divisions) to provide protective screen or umbrella permitting safe development Ger defense plans. Gers, especially Luetkens, expressed view FedRep already making substantial economic contribution to defense by assuming burden of refugees thrust upon them from East.

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[1] This telegram was drafted by Hay and cleared by Lewis.

[2] Not printed; it asked for specific details on the positions taken by the members of the Bundestag during their visit to the United States (033.62A11/2-1751).

[3] The following members of the Bundestag visited the United States from February 8 to 23; Erich Ollenhauer, Deputy Chairman of the Social Democratic Party; Gerhard Luetkens, National Secretary of the Social Democratic Party; Heinrich von Brentano, member of the Executive of the Christian Democratic Union; Hermann Puender, member of the Christian Democratic Union; Hans Muehlenfeld, caucus leader of the Deutsche Party; and August Euler, caucus leader of the Free Democratic Party. During their stay in the United States the members on the delegation visited Detroit, Philadelphia, New York, and Washington. An itinerary of their visit and memoranda of their conversations with various governmental officers are in file 762A.00/2-1251.

[4] For documentation concerning the revision of the Occupation Statute for Germany, see pp. 1410 ff.

Secy told Gers he fully understood their problem and determined to do his part to bring about solution. Said US and other free nations trying achieve fol objectives: (*a*) Do everything in our power prevent another war; (*b*) Prevent Russians from bringing other parts of free world under their control without war; (*c*) Building armed strength sufficient to defend free world if Russians attack. Emphasized necessity for all free nations make joint effort and move forward together. Re changed polit status Secy said necessary decisions made by FonMins at New York[5] and Brussels.[6] All remained was to implement them. Best way to speed progress was to reach agreement on various concrete issues as we came to them. Secy told Gers we wld work diligently to remove all obstacles to common defense starting with isolationism at home and ending with urging Eur nations to do their full share. Referred to Ger demand for additional military forces as least difficult question raised during conversation, altho some opposition must be overcome before final answer can be given. Gers gratified by hour and quarter visit with Secy altho SPD Delegs thought Secy cautious on questions Ger participation in defense. Ollenhauer drew conclusion Fr position Ger rearmament being given great weight by US to detriment building strong defense with Ger contribution. Also expressed fear we were delaying on Ger participation until we saw what developed in CFM.[7] Ollenhauer impressions these points fully corrected in subsequent conference with Byroade.

During interview with Secy Marshall group, after reaffirming solidarity with West again advanced idea of protective umbrella at Elbe and inquired where Ger was to procure arms and equip necessary for defense. Marshall ignored statements by Gers re protective umbrella and outlined in some detail our plans for industrial expansion including plans for rapid expansion in event emergency. Said production effort geared to provide as soon as possible equip necessary to meet MAP requirements adding that 5 billion wld be spent for fon mil aid before July and that part of FY 52 budget of $70 billion wld be allocated for same purpose.

In interview with Charles Wilson, latter briefed Gers on problems he faces as Dir ODM. Pointed out that allocation scarce raw material between production end-use items and building up of productive capacity was perhaps most urgent problem. Traced development plans for increasing production all defense items next two years to point where US will have adequate war supplies for major war if necessary.

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[5] For documentation on the Meetings of the Foreign Ministers of the United States, United Kingdom, and France at New York, September 12–19, 1950, see *Foreign Relations*, 1950, vol. III, pp. 1108 ff.

[6] For documentation on the decisions reached at Brussels, December 18 and 19, 1950, see *ibid.*, pp. 585 ff. and vol. IV, pp. 65 ff.

[7] For documentation on the Four-Power Exploratory talks at Paris, March 5–June 21, see pp. 1086 ff.

When Wilson inquired about Ger industrial capacity Deleg replied potential Ger contribution to Eur defense severely limited by restrictions placed on industry by Occ Powers. Gers mentioned in particular limitation on steel capacity, prohibition Aluminum production, and controls on shipbuilding. Wilson ackd lack of info about polit aspects of Ger situation but stated from production angle he agreed restrictions not absolutely necessary for security reasons shld be lifted to allow max Ger contribution.

In similar conversations with House FonAffs and SenFonRel Comites Gers rptd assurance of solidarity with West and stressed necessity for abolishing Occ Stat and replacing it with contractual relationship between Ger and 3-Powers if essential psychological conditions were to be created.[8] Gers said it might take 2 years before Ger cld make max contribution since Ger now completely demilitarized. Added that cadres upon which to build even small force not available and no money cld be appropriated to speed their formation until Occ Stat withdrawn. Expressed no desire to build up Ger army of old nationalistic type with politically-minded gen staff. Insisted Ger entry into Atlantic Pact or Eur army must be on basis complete self-respect and equality. Sen Connally summed up remarks of each of Sens in FonRel Comite by stating they cld feel assured of US friendliness and cld count on our support with understanding this wld be forthcoming only so long as we felt Ger people doing utmost defend and help selves and contributing strength and gen welfare of Eur.

In 3-hour mtg with group yesterday Byroade recapitulated thinking in US re Ger rearmament, explaining divergence of views on subj. Advised Gers unfortunate they had advanced certain preconditions to participation which placed us in position having to buy Ger participation. When questioned whether contractual arrangements wld have to be completed in detail before Ger participation Ollenhauer replied he wld be satisfied with Allied statement of basic principle announcing changed relationship with details to be worked out later. Byroade replied such a statement issued at Brussels and referred to subjs cited urdespatch 2609 Feb 10[9] to be advanced as basis for discussion. Byroade expressed view Gers wanted unilateral action on part of Allies without making any commitments themselves. He urged Gers to get together among selves so that complete will of Ger people can be marshalled for defense effort.

Contractual relations

Main line of Ger thinking this subj outlined in above discussion of Ger participation Eur defense. In discussions re new polit relationship at Georgetown Univ all Bundestag members agreed new status must be created and that US must take lead in pushing other two Occ powers toward this objective. All agreed peace treaty at this time undesirable. Some difference apparent between Govt Coalition Members and SPD over extent Occ powers shld relinquish auth. As expected SPD felt relinquishment of Allied auth shld be more sweeping, but even they recognized need for special Allied auth. All members urged Gers be given complete control of internal affairs. Agreed that FonAffrs and military matters presented special considerations which cld be covered by contractual agreements. Generally, Gers felt new polit relationship cld be established by simple act and seemed to show little understanding of complexity of problems involved in establishing new relationship. Later in conversation with Byroade Luetkens and Brentano stated Gers cld not profitably negotiate with 3 HICOMS because of well known differences among them. Ollenhauer rptd request for statement of principle on new polit relationship at this time which he felt wld strengthen hand of 3 Powers in forthcoming 4 Power Mtg if conference materializes. Gers apparently feel that Brussels decision may be outdated by prospects of different solution to Ger problem in CFM. Also for personal polit reasons may wish to return to Ger with claim they have obtained new concessions from US of vital import to interests of Ger people. Byroade indicated no change in Brussels decision and dispelled idea that Ger might become bargaining point in CFM. Said we look upon CFM mtg from standpoint of keeping in step with Gers and expect to consult them constantly where their interests are involved.

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[8] For documentation on the negotiations for a new contractual relationship between the three Western Powers and the Federal Republic, see pp. 1446 ff.

[9] Not printed.

Schuman Plan and Eur Integration [10]

This subj brought up nr of conversations. Secy expressed strong hope that Schuman Plan wld soon become a reality. Stressed importance reaching early agreement on remaining issues. When functioning Plan wld do much to further Eur integration and understanding. Brentano said he was for Schuman Plan but preferred constitutional rather than functional approach to bring about Eur integration. Expressed conviction people of Western Eur ready to go much farther toward polit integration than their Govts. Feeling still strong but fears it will languish if not translated into action. Euler in discussion with Lewis said Gers must be allowed to retain DKV at least for period of time after Schuman Plan goes into operation. Said absolutely necessary to have allocation agency to insure equitable allocation when coal in short supply. Stated Fr already have such an agency since their mines under Govt controls. After 2–3 years operation Schuman Plan Euler believed possible to abolish DKV. Lewis replied we recognized necessity for some machinery for allocation in times short supply, but thought this machinery shld not be in hands of producers as wld be case if DKV continued to operate. Lewis expressed view all necessary machinery provided in high auth of Schuman Plan. Lewis concluded discussion this subj with statement stressing great importance of quick initialing Plan as indication to all the world that Fr and Gers on way to settlement of differences that have divided world so long. In subsequent conversation with Dept officer Luetkens stated SPD had decided to oppose Schuman Plan categorically. Indicated that trade union movement, particularly metal workers and coal miners' unions, wld swing around to same point of view. Luetkens doubted that Adenauer wld submit Plan to Bundestag where he said it wld be beaten by vote of SPD plus portion FDP representing Ruhr interests opposed to Plan. Luetkens expressed usual arguments that US decartelization and deconcentration policies under Law 27 [11] were playing directly into hands Fr interests who envisaged Schuman Plan primarily as mechanism insure permanent Fr industrial hegemony over Continent at expense Ger's heavy industry. In conversation with Congressman Richards, Luetkens said SPD wld continue opposition to Schuman Plan unless (*a*) Ruhr auth abolished (*b*) PLI restrictions removed (*c*) DKV retained and (*d*) Saar as industrial area became part of Ger regional area.[12] In final discussions subj here Byroade expressed view steel interests were attempting to hold on to coking coal and coal supplies sufficient for any eventuality. If attitude contd Plan doomed to failure. Byroade said need for successful conclusion to Plan too important to argue about few percentages of coal one way or other. Admonished Gers to think long and hard before they shld let Schuman Plan fail.

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[10] For documentation on the Schuman Plan and European integration, see volume IV.

Other Topics of Conversation

Believe above represent really important issues discussed by Gers during US visit. Other subjs of conversation such as codetermination, refugee problem, Berlin,[13] Communist strength in Ger, comparative SovZone and Fed Rep living standards, Landsberg decisions,[14] isolationism in US, visits to Ford, Gen Motors plants and UN, and discussions with US Labor leaders fol by pouch. Gers departed NY City PanAm flight 122, 10 a m Friday. Arriving Fkft 11:45 a m Feb 24.

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[11] For the text of Allied High Commission Law No. 27, "Reorganization of German Coal and Iron and Steel Industries," dated May 16, 1950, and the schedules and regulations thereto, see *Laws, Regulations, Directives and Decisions*, vol. I, pp. 155 ff.

[12] For documentation on U.S. interest in the status of the Saar, see pp. 1970 ff.

[13] For further documentation on Berlin, see pp. 1828 ff.

[14] For a brief account of the decision by McCloy on January 31 concerning the review of the sentences of the German War Criminals in Landsberg prison, in which seven death sentences were not commuted, see *Sixth Quarterly Report on Germany, January 1–March 31, 1951*, pp. 40–53.

Pabsch departing TWA flight 962, 3 p m Feb 28, arriving Fkft noon Mar 1. Pabsch did outstanding job, working day and night entire visit. Deserves high commendation.

Fkft pass Bonn.

ACHESON

033.62A11/2-1751 : Telegram

The Acting Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET WASHINGTON, February 27, 1951—5 p. m.

5856. Re urtel 6833, Feb 17 and Deptel 5803, Feb 23.[2] In informal joint conversations Dept and ECA officials with Bundestag members question of whether Ger ready now before end of occupation to declare its adherence Western defense effort raised and relation this issue to justification next year Ger aid before Congress was discussed. It was pointed out to Bundestag members that aid program next year will be based to substantial extent on defense effort of PC's and that affirmative evidence Ger willingness to participate wld create more positive atmosphere for obtaining appropriations for Ger aid. Brentano was queried separately on whether Gers had considered possibility of Bundestag resolution offering Ger econ contribution to Western defense prior to mil participation, which might furnish desired evidence Ger willingness to participate. He thought idea had merit and stated wld raise with other members. In later conversation with Brentano and Ollenhauer they presented idea of resolution expressing desire to contribute to Western defense and asking Govt after agreement with HICOM to bring in two separate budget items of occupation costs, one of which wld be labeled defense covering which voluntary appropriation cld be made. Ollenhauer pointed out that it wld be helpful to base such resolution upon some outstanding event and he suggested that termination state of war by US and other Allies might be appropriate event. We pointed out that while this timing not out of question what wld be most helpful wld be simple declaration Ger intent on their own initiative.

It was also pointed out to Gers that Allied auths including armed forces wld not agree to subj defense or other portions occupation cost budget to Bundestag examination and debate. Brentano and Ollenhauer brushed this aside by saying it wld be Govt (not Bundestag) responsibility to negot with Allies on size of defense and occupation cost components of budget.

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[1] This telegram was drafted by Jones and Wiesner; cleared by the Economic Cooperation Administration, the Bureau of German Affairs and the Offices of German Political and German Economic Affairs.

[2] Telegram 6833, not printed, but see footnote 2, *supra*.

Pressed on whether Ger willing to make total contribution in same relative amt as other Eur countries, Brentano and Ollenhauer were agreed on this as matter of principle but were evasive as to amt. Both called attn to special Ger burdens arising out of last war, e.g. refugees and war damages. Ollenhauer argued that Ger expenditures for groups of population adversely affected by last war shld be considered contribution on polit side to cold war since they made these groups less vulnerable to Commie infiltration. To this we replied a Bundestag resolution expressing Ger's wish to assume fair share of Eur defense burden wld be most useful if clear and unequivocal. It wld be more than useless however, if accompanied by statements of why Ger's contribution shld be small.

We have impression that Bundestag members may carry above ideas further and that some type of resolution cld result. It is difficult to conceive SPD supporting resolution volunteering Ger defense contribution in any form under present conditions of Ger inequality. It seems questionable whether clear resolution volunteering econ contribution wld be passed by coalition parties, although we believe all six delegates understand problem of Congressional presentation of Ger aid program. However, they may propose only split of budget item.

Separation of budget item into occupation costs and defense contribution might well lead to increasing attempt to negot latter as well as division of categories of expenditures between the two. This perhaps is inevitable in long run. Separation cld lead to increasing Ger criticism of occupation cost item which wld then stand naked and alone. However, Ger offer to make contribution wld probably have helpful overall effect even though separation of items were troublesome.

We impressed upon Bundestag members that any views expressed by Dept and ECA officials shld not be considered as official and that if any proposal is made on our side it will be through HICOG.

WEBB

611.62A/9-551

Mr. George F. Kennan to the Secretary of State[1]

SECRET [LONDON, September 5(?), 1951.]

While the degree of economic recovery throughout Europe has of course been amazing and encouraging, many of the present components of this prosperity, as well as of the momentary political quietude, are illusory or unstable. Where free enterprise prevails, people seem not to have been able to give it a satisfactory ideological rationale or to cope with the crass social disparities and political tensions to which it often gives rise under European conditions. This has much to do with the continued inability of the French and Italians to eliminate the communists from the dangerous positions they have established in those societies. Where dirigisme and the welfare state are the word, on the other hand, economic vigor has obviously declined; and this is especially disturbing when it is recalled that the countries where this is the case are mainly ones extensively dependent on foreign trade for maintenance of heavily urbanized populations.

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[1] The source text was transmitted "for the Secretary" in despatch 1219 from London, September 5 (611.62A/9-551). Mr. Kennan, a career minister, was on leave from the Foreign Service.

These things, while certainly a warning against complacency, seem to me no grounds for despair, provided real progress is made in the handling of the German question. German recovery must be measured not only in terms of economic statistics but even more in terms of returning self-confidence, hope, initiative, and will to act. In these respects, I think recovery has progressed further than we generally realize, particularly in comparison with ex-allied countries, and that the strength of the German position in Europe is actually much greater than appearances would indicate.

This being the case, a great deal, if not everything, depends on how we handle the Germans at this juncture, and on the terms on which they now proceed with the revival of their national life. Our aim must be to establish urgently relationships and understandings with the German leaders whereby the amazing rise in German strength and energy which we have no choice but to recognize as a major European reality, can proceed from here on out in agreement and collaboration with the rest of Europe, notably the French, and not in an atmosphere of jealousy and anxiety and conflict.

As things stand today it seems to me that our arrangements for dealing with Germany are quite inadequate and in some respects dangerously unsuitable to the task at hand. It is not a question of babying the Germans. There are many bitter issues that will have to be fought out with them in all sharpness if things are to go well. But it seems clear to me that the day for lecturing and preaching and for minor interferences in German domestic affairs has passed and that from now on the important results can be achieved only if we deal with the Germans realistically, on the diplomatic level rather than on the authority of the victor, and as with a sovereign power, though fortunately one dependent on us in many respects and vis-à-vis which we have a strong bargaining position. If this is correct, it is important that we recognize that the trappings and atmosphere of colonialism have not only lost their usefulness but stand in the path of progress in our dealings with the Germans. If we are to be free to concentrate on the important things, the Allied Commissioners must be unburdened of all unnecessary bureaucratic and psychological impediments. To me these requirements are not reconcilable with the continued maintenance in Germany of bloated civilian and military staffs living partly at German expense on standards obviously more luxurious than they would enjoy at home. Not only do these establishments constitute an unnecessary irritant for the Germans but they inevitably operate to reduce flexibility and incisiveness in the development of Allied policy, to obscure realities, to distract effort and attention. In this connection, I think we should dispense with all forms of control and direction in German affairs which are not really important to the great issues of the immediate future. Such things as the continued fussing about decartelization and restitution and many of the elements of the pressure for reform and democratization, which still seem to occupy the time of our people in Germany, seem trivial anachronisms and caprices compared with the issues really at stake in the development of German affairs during the next two or three years.

I realize that the talks about to begin in Washington [2] are designed to make progress in precisely the direction I am describing and also that the main resistance to this sort of progress has come from our Allies and not our own people. But I think we are in great danger of continuing to do too little and to do it too late, of being continually one to two years behind the reality of events, of reserving our favors until they become concessions to ugly and arrogant German demands, and of continuing measures of interference and control to the point where they are much more irritating to the Germans than useful to us. The shape of German political life seems to me to be assuming an alarming similarity with what we knew in the days of the Weimar Republic; and if we can not promptly find means this time of rewarding moderation and penalizing extremism rather than the opposite, the future is dark not only for Germany but for all Western Europe. The issues over which we have recently been entangled with the Germans, notably occupation costs and coal export, seem to me excellent examples of the sort of issue which should not have been permitted to arise and to become subjects of discussion in German domestic politics; for the logic of events says that eventually we will have to yield and the credit will then inevitably go to the extremist critics of a moderate regime.

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[2] For documentation on the meetings of the three Western Foreign Ministers at Washington, September 10–14, see pp. 1163 ff.

The United States High Commissioner for Germany (McCloy) to the Secretary of State and the Administrator for Economic Cooperation (Foster)[1]

I have the honor of submitting my Eighth Quarterly Report covering the period from July 1 to September 30, 1951.

The high point of the period in the political sphere was the announcement by the Foreign Ministers of the U.S., U.K. and France, at the conclusion of their meetings held in Washington in September, of the intention of their Governments to transform their relationship in so far as the German Federal Republic is concerned from one of occupation to one of defense and of free association in a Western community of nations.[2] With this step they envisaged the further strengthening and integration of free Europe by the inclusion of Germany in the Western community. The Soviet masters of East Germany, and their agents in the government of the "German Democratic Republic" promptly countered with a new proposal for German unification attended with much publicity and elaborate propaganda effects. On the economic side the quarter was marked by continued increase in German exports, a slight decrease in industrial activity reflecting in part a decline in consumer demand, and in part the general European-wide coal shortage. Unemployment continued to show some decrease. Meantime, increasing political awareness among the Western Germans was manifest in the restiveness with which they responded to these and other less significant political and economic developments.

Almost two years to the day after the creation of the Federal Republic the Foreign Ministers of the U.S., U.K. and France reached agreement in Washington on the scope of the new relationship between the Allies and the Federal Republic. Except for a few fields where the present international situation requires the Allies to retain certain prerogatives, the Federal Republic would, if it sees fit to adopt the proposals made by the Ministers, upon the substitution of contractual agreements for the Occupation Statute, emerge as a full and equal partner in the European community. Germany is already a member of the Council of Europe, the OEEC and the EPU; by joining the European defense arrangements it would help to close the ranks of the free European nations. It would share fully not only in the benefits but also in the obligations which such membership implies.

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[1] This letter of transmittal is reprinted from HICOG's *Eighth Quarterly Report on Germany, July 1–September 30, 1951*, pp. iii–ix. The accompanying *Report* is not reprinted here.

[2] For documentation on the Foreign Ministers meetings at Washington, September 10–14, see pp. 1163 ff., and for the text of their instructions to the Allied High Commissioners for Germany regarding the new relationship with the Federal Republic, see WFM T–5*a*, p. 1197, and footnotes thereto.

Preliminary negotiations between the Allies and German authorities both with regard to the contractual arrangements [3] and to German participation in the common defense of the West [4] had been conducted prior to the Washington meeting. The task now at hand was to proceed from the preliminary to the final stage of negotiation. The four governments sought to find solutions to many problems acceptable to them and to the other members of the European community. The objective was not just another revision of the Occupation Statute, nor an exchange of additional concessions to Germany for German military contributions. The crucial purpose was to lay the foundations of a peaceful and defensible commonwealth of Europe.

The significance of this new phase in Allied-West German relations was emphasized by the demand for German unification voiced by the Communist and Soviet authorities of the Russian-occupied area. Similar appeals have been launched behind the Iron Curtain whenever new progress in the integration of Western Germany with the free world was in sight; the greater the progress toward integration, the more conciliatory the Communist terms for the unification have been made to appear. Judging by the latest appeal, issued on September 15 by the Soviet Zone "People's Chamber," which soft-pedaled a great number of hitherto typically Communist demands in connection with general elections, Eastern authorities appeared seriously concerned by the prospect of the Federal Republic's integration with the West.[5]

The East Zone proposals called for immediate East-West German talks leading to the election of a national assembly clothed with wide powers which would negotiate a peace treaty for the united territory, to be followed by the withdrawal of all foreign troops. The East German appeal was strengthened by a statement of General Chuikov, Chairman of the Soviet Control Commission for Germany, supporting this proposal.[6] In reply to these overtures the Federal Government on September 27 proposed and all West German parties in the Federal Lower House, except the Communist, adopted a declaration which accepted the principle of unification and called for internationally-supervised free elections throughout the whole of Germany. The declaration further requested the High Commissioners to negotiate the necessary conditions for such elections with their Soviet counterpart; asked the United Nations to arrange for international supervision to ascertain whether conditions for holding free elections existed; and demanded immediate free elections throughout the four sectors of

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[3] For documentation on the negotiations with the Federal Republic concerning contractual relations, see pp. 1446 ff.

[4] For documentation regarding German participation in the common defense of the West, see pp. 755 ff. and pp. 990 ff.

[5] For documentation on the September 15 appeal by the People's Chamber (*Volkskammer*), see pp. 1747 ff.

[6] For the text of Chuikov's statement, September 20, see *Documents on German Unity*, vol. I, p. 208.

Berlin as a test of Communist intentions. At the end of this period, there had still been no official acceptance or rejection of these proposals by authorities in the Eastern Zone.

Growing German national consciousness found its expression in government and press statements criticizing various Allied actions. These expressions were critical of the coal export allocations made for the third and fourth quarters of 1951 by the International Authority for the Ruhr. With the ever-increasing defense effort of the West, coal is again in short supply throughout Europe. The coal-importing nations depend to a greater degree than ever on the coal and coke of the Ruhr for the production of defense material. The action of the IAR in allocating for export the same quantity of German coal and coke as in the preceding quarter, notwithstanding increased European demand and defense needs, met with strong objections from the Germans who requested a smaller export allocation in view of their own expanding industry.

During this period, U.S. authorities were also attacked for removing from German jurisdiction the case of Dr. Kemritz, accused by the Germans of luring certain German nationals into Soviet hands at the beginning of the Occupation.[7] The German nationals involved were subject to mandatory arrest under Control Council regulations then in force. Kemritz at the time was acting as an agent of the U.S.S.R. and, at the same time, was most effective in protecting from Soviet arrest many other Germans whom the Soviet authorities were seeking. The German accusations charged U.S. authorities with protecting a "kidnapper" and with bad faith. As the case, a heritage of the war and immediate postwar period, involved many considerations which made a full public discussion of all its aspects impractical, the American High Commissioner agreed with the Federal authorities to conduct a joint inquiry into the entire affair and this inquiry is now proceeding.

German criticism was also directed at the High Commission for promulgating a law exempting from the application of a hastily-conceived German "treason" law those Germans who cooperate with the Allies by supplying information. While the "treason" law did not specifically apply to such Germans, it could be construed so as to prevent the Allies from receiving any information from German sources. This criticism was in part related to that arising from the Kemritz case. Another Allied law which drew fire was the High Commission Law "Clarifying the Status of German External Assets and of Other Property Taken by Way of Reparation or Restitution," (incorrectly called the "Divesting Law"). Under international agreements, since 1945 German assets in a number of countries have been taken for reparations or external restitution. The new law served to clarify title to these assets, but was quite unjustly attacked as imposing an added burden on the German economy. In fact, it was a definite step toward clarifying the situation in respect to foreign assets not heretofore liquidated.

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[7] For further documentation on the reaction to the decision on the Kemritz case, see telegram 1241, June 21, p. 1916.

German exports continued to show a favorable trend during the period under review, reaching an all-time record of $321,000,000 in July. Expenditures of U.S. troops showed large increases thus adding to Germany's dollar reserves. Excellent harvest prospects contributed to a brightening of the overall economic picture. Employment remained favorable with a record of almost 15,000,000 wage and salary earners employed as of mid-September. Notwithstanding the steady influx of Germans from the East, unemployment figures edged downward, but more slowly than they had in the same period last year.

There were, however, signs of declining economic activity in various fields caused by a decrease in consumer demand, and, to some extent, by the tightening of coal supplies. In general it seems clear that the period of rapid expansion of the German economy has come to an end, being replaced by a stage of relative stability. In spite of this, Germany appears to be at least as able as other European nations to withstand temporary economic disturbances.

The leaders of the German Trade Union Federation announced on July 24 that they were considering withdrawal from active participation in the economic bodies of the Republic in protest against the Government's economic policy. They wished stronger controls to be imposed in order to prevent a further diminution of real wages caused by a general rise in prices. They also demanded the establishment of a Federal Economic Council with wide prerogatives and a greater voice in management beyond the coal and steel industries where they had already achieved codetermination. The trade unions, which have a favorable record as a positive democratic force, agreed to negotiate their grievances. At this writing, it could be expected that a solution acceptable to all parties would be found and a crisis averted.

During the period, a number of new organizations of war veterans appeared in West Germany. Although in most cases these groups professed themselves to be non-political, their appearance gave rise to anxiety among many responsible elements of German society. Although certain of these organizations have certainly gotten off to a rather bad start, it is to be hoped that they will not be influenced by nationalist forces but will contribute constructively to the democratic development of the nation.

The neo-Nazi Socialist Reich Party (SRP) has endeavored with only moderate success during the past quarter to expand its organization now centered in Lower Saxony. Several state and local governments forbade the appearance of SRP leaders or prohibited public SRP meetings.

The economic recovery of Berlin was threatened during the quarter by the intensification of the Soviet imposed obstructions to Berlin's trade, including the imposition of an exorbitant tax on West German and West Berlin vehicles traveling the Soviet Zone highways linking the four-power city with Western Germany. The various interferences with the freedom of access to Berlin caused the West German authorities to delay the signing of the new trade agreement which was to provide for important exchanges of goods between East and West Germany. Although the agreement was finally signed on September 20, after the East German authorities had given assurances that restrictions would be lifted, it was too early, at the end of September, to judge Eastern performance in this regard.[8]

In September, Berlin was the site of a gigantic Communist youth rally. The one and a half million blue-shirted youth, marshaled in three waves from East Germany, was increased by small delegations from many countries and several thousand West German youth who crossed the border between the Zones in one fashion or another. Although the value to the Communists of the somber spectacle of uniformed youth endlessly marching in procession and carrying anti-Western slogans should not be underestimated, the West succeeded in capturing the attention of at least half a million East Zone youngsters. Defying cordons thrown up along the boundaries of the Soviet Sector by the so-called People's Police, they ventured into West Berlin, the small oasis of liberty and comparative plenty behind the Iron Curtain.[9]

The American operated German language radio station in the U.S. Sector (RIAS) proved a strong rallying point for countless youngsters. The many thousands who stopped at RIAS were not only shown through the studios where originate the broadcasts which form the only bridge between millions of East Germans and the free world, but they were also afforded participation in open discussions with prominent West German political leaders and high Allied officials, including the U.S. High Commissioner.[10]

The one and a half million free meals dispensed to these youngsters; the more than a million pamphlets carried away by them; the warm hospitality extended by the West Berliners and the Allied authorities; the display of wares in the shops of the city; and the feeling of freedom unknown in Eastern Germany, must have created at least a doubt in the minds of these young people concerning the blessings of the Communist system.

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[8] For further documentation on Soviet harassment of trade and communications with Berlin, see pp. 1828 ff.

[9] For documentation on the World Youth Festival at Berlin, August 5–19, see pp. 1987 ff.

[10] A copy of McCloy's interview with participants in the youth rally on August 17 is in the Bonn Embassy files, lot 311, D(51) 1203.

One is bound to pall a bit at the thought that so many youths can be transported to Berlin and paraded in this fashion as adherents of communism and Stalinist doctrine. Though it was quite clear that these young people came mainly because of the pressures which were exerted upon them to come, yet it was equally clear that many were faithful adherents of the party, if not fanatics. It was a mammoth effort and it repeated without any opportunity to counter it, the likelihood that a strong core of youthful adherents will be established by such methods is just as certain as the fact that the Nazis were able to do as much.

The full effect of the demonstration was clearly blunted by the contact with the Western Sectors of so many of the Eastern youth, but one could be misled if it were not realized that the weapon was in fact only somewhat dulled rather than destroyed by the countermeasures the West was able to bring to bear. It is nonetheless interesting that the announcement has been made that next year the Festival will not be held in Berlin.

The Cultural Festival held in Berlin during September was a bright spot in the life of that city. Most of the American contributions to the Festival were warmly received by both the highly-discerning Festival public and press critics. Chosen—in so far as possible—to give a wide representation of American cultural activities and interests, they included the Broadway musical, "Oklahoma;" Astrid Varnay's performances with the Berlin City Opera; the Hall-Johnson Choir; the Juillard Quartet; the pantomimist, Angna Enters, and five performances of "Medea" by an American cast led by Judith Anderson; performances of American opera and music by German groups; a recital by Maurice Wilk, young American violinist; and the ECA-sponsored "Design for Living," showing American standards and achievements in household design.

The quality of French and British productions was of the highest. The officially-sponsored attractions included the Comédie Française; the Orchestre National, of Paris; an exhibition of Bourdelle's sculpture; the Old Vic Theater Company, of London; and an exhibition of drawings by English artist Henry Moore. Unofficial representation arranged by German authorities included performances by soprano Suzanne Juyol and pantomimist Marcel Marceau, of France; and, from London, the Amadeus String Quartet and the Dennis Wood Wind Ensemble. The Festival was of large and significant proportions. Although handicapped to some extent by budgetary limitations which were reflected in limited advertising and insufficient transportation facilities from Western Germany, the Festival was nevertheless a success and an impressive demonstration of the cultural strength of the West.

The Washington Conference of the Western Foreign Ministers overshadowed the fact that during the past quarter domestic action was taken by the major Western Powers and other members of the United Nations to terminate the technical state of war which still existed between themselves and Germany.[11] This action removed certain disabilities from which German nationals abroad still suffered and opened the way to reinstatement or re-negotiation of many treaties between the Federal Republic and foreign countries.

Progress has also been made by the Federal Parliament in completing important legislation. The Federal Constitutional Court finally came into being and will be called upon immediately to decide a number of important constitutional issues, among them the constitutionality of the Socialist Reich Party. In an impressive statement the Federal Government announced its earnest desire to make amends for the horrible fate suffered by the Jews at the hands of the National Socialists and to make the principle of equal rights, as embodied in the Basic Law, an axiom of future German policy.

The quarter saw Western Germany further removed from fear and want, full of a new consciousness of its importance in the world, more apt to react sharply to the very limited Allied controls which remain, anxious to become full master in its own house, yet quite as anxious for continued Allied aid and protection. The Federal Lower House gave continued evidence of dealing seriously with serious problems even though there were mountainous piles of legislative work still to be tackled. Striving in common with other Western nations to find the solution for grave problems imposed by the East-West tension, the Federal Republic appeared to be emerging from the growing pains of a transitional period and to face the serious responsibilities which freedom imposes.

JOHN J. MCCLOY

FRANKFURT/MAIN, September 30, 1951.

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[11] Regarding the termination of the state of war with Germany, see *American Foreign Policy, 1950–1955: Basic Documents*, vol. II, pp. 1723–1724.

The United States High Commissioner for Germany (McCloy) to the Secretary of State and the Director for Mutual Security (Harriman)[1]

I have the honor of submitting my Ninth Quarterly Report covering the period from October 1 to December 31, 1951.

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[1] This letter of transmittal is reprinted from HICOG's *Ninth Quarterly Report on Germany, October 1–December 31, 1951.* The accompanying *Report* is not reprinted here.

The period was characterized by the rapid growth of the Federal Republic's stature in European affairs. It was marked by the November conference of the Western Foreign Ministers with the Federal Chancellor in Paris;[2] by a heightening of the prospects for ratification of the Schuman Plan;[3] by West Germany's determined stand for European integration in the Council of Europe at Strasbourg,[4] and for a truly integrated European defense in the Paris discussions;[5] and by the United Nations' adoption of a West German proposal for an impartial UN investigation to determine whether the conditions for holding free and secret all-German elections exist in the four zones and in Berlin.[6] The Federal Republic's exports continued to rise, the production index resumed its upward movement and coal output showed a promising increase. Mounting unemployment was attributed to seasonal factors. Thus, on the verge of the New Year the Federal Republic presented a generally encouraging picture.

A milestone in the progress of the Federal Republic was reached when on November 22 Federal Chancellor Adenauer joined the Foreign Ministers of the U.S., U.K. and France in Paris to put the finishing touches on the draft of the "General Agreement" on contractual arrangements designed to replace the Occupation Statute.[7] The understanding reached by the four Ministers paved the way for the conclusion of five conventions embodying in detail the terms of the new relationship. These were in various stages of negotiation at the close of the period under review. They embody arrangements and principles affecting the changeover to the new relationship and, if somewhat complex and difficult of negotiation, it must be recalled that unlike a general treaty they cover the manifold details involved in the final liquidation of a complete governmental system as well as the arrangements relating to the continued presence in Germany of large bodies of Allied troops and their dependents. In spite of the problems presented it appeared that the conventions would be concluded in the near future. Upon ratification of the whole treaty structure by the Parliament, the Federal Republic will attain virtual sovereignty, except in the few fields where the present international situation necessitates the retention of certain specified but limited powers by the Western Allies.

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[2] Regarding Adenauer's meeting with the three Western Foreign Ministers at Paris on November 22, see telegram 3086 November 22, p. 1605.

[3] For documentation on the ratification of the Schuman Plan, see volume IV.

[4] For documentation on the meetings of the Council of Europe at Strasbourg, November 26–December 10, see *ibid.*

[5] For documentation on the deliberations of the European Defense Conference at Paris, see pp. 755 ff.

[6] For documentation on the question of holding all-German elections, see pp. 1747 ff.

[7] For the text of the "General Agreement on Contractual Relations," see p. 1592.

When the French National Assembly ratified the Schuman Plan Treaty on Dec. 13, 1951, Europe moved significantly closer to integration. The Foreign Affairs and Economic Policy committees of the German Federal Lower House subsequently recommended approval of the Plan, thus virtually ensuring the realization of this epochal venture. Final debate on the Plan was scheduled for Jan. 9, 1952, when the government bill was to have its third reading in the Federal Lower House. After the establishment of the Schuman Plan High Authority, the functions of the International Authority for the Ruhr (IAR) and of the agencies of the Allied High Commission deriving from the Ruhr Agreement will be progressively eliminated as the High Authority assumes corresponding or related functions under the Schuman Plan Treaty. Thereafter, apart from the completion of the deconcentration programs in Germany (which is a basic prerequisite to the creation of a single market for the European coal and steel community), the German coal and steel industries, together with those of the partner nations, will be subject only to the directions of the Schuman Plan High Authority.

During the closing session of the Council of Europe's Committee of Ministers the voice of the Federal Republic was raised strongly in support of genuine European integration. The Federal Chancellor, in his dual capacity as Foreign Minister, addressed the Consultative Assembly on December 10. He stressed not only the necessity for decisive action to lay the foundation for a unified Europe, but also the need for speed in building a strong military and economic community capable of resisting successfully the menace of communism. When the Foreign Ministers of the six nations participating in the negotiations on the European Defense Force (EDF) subsequently met in Paris, Germany again took a positive stand in favor of a unified budget as well as other measures which would signify the creation of a true European force. How the budget of the EDF was to be managed was not resolved during December 1951. Nor was the problem of the supervisory organization fully solved. While France, Italy and Western Germany advocated a common defense budget and a federal organization, the Benelux Countries, motivated largely by constitutional difficulties, favored national budgets and a less centralized arrangement. It was hoped, however, that satisfactory solutions would be found early in 1952.

In the United Nations, West German representatives were heard for the first time when a delegation from the Federal Republic and West Berlin pleaded for the necessity of investigating conditions for all-German elections in the four zones and Berlin. This demand had been formulated in September by the Federal Government as one of the prerequisites to free and secret elections which were themselves prerequisites to Germany's reunification. After first declining to appear before the United Nations, the German Communist rulers of the Soviet Zone acting apparently under the pressure of world opinion reversed their position and sent a delegation to the General Assembly. Their refusal to acquiesce in such an impartial investigation by the UN was not unexpected. The impressive UN vote approving the Western proposal to establish an impartial investigating commission demonstrated the moral support which the world gives to the principle of German unity based on elections which are truly free.

That the German Soviet Zone rulers were more than reluctant to bare the political conditions of their police state to the inquisitive eye of an impartial observer was understandable; less so were the "reasons" advanced for the rejection of the proposed commission. The East Germans claimed that they, together with the West Germans, were quite able to reach an understanding under quadripartite supervision by the U.S., U.K., France and U.S.S.R., apparently within the framework of the Allied Control Authority. This position ignored the fact that the four powers have for six years unsuccessfully tried to adjust their views with regard to German unification. Moreover, the Communist proposal would mean the reintroduction of the Soviet veto.

An investigation under the auspices of an international body of which all four powers were charter members and which had proved its effectiveness in dealing with difficult situations in the past would give the Communists, if sincere, an opportunity to participate in a positive step toward unification based upon world support.

Communist attempts to use the unity question as a device, if not to prevent, then at least to retard the Federal Republic's integration with the West, have not succeeded. But the last attempt in this regard has probably not even yet been made. The issue of unification is one which troubles large numbers of Germans who have not the slightest attraction to totalitarian concepts. There are few if any independent Germans who would accept unification at any price. There are many who earnestly seek it if freedom can likewise be secured and they would not consciously take any steps which precluded a unified Germany. But increasing numbers of thinking Germans on both sides of the Iron Curtain have begun to realize that, far from obstructing unity, full West German partnership in the free European community will prove to be the most effective way to achieve peaceful unification on democratic terms. Indeed, it is significant that the Soviet appeals for unity have increased in quantity and character as the prospects of European integration improved. The daily growing moral, economic and military strength of this community cannot fail to continue to exert an irresistible force toward such a unification.

There was a continued rise in the volume of the Federal Republic's exports throughout the last quarter. The balance of payments with other OEEC countries took a favorable turn, thus once again permitting in early 1952 a partial liberalization of foreign trade, which had been bridled somewhat six months ago. At the same time, the German industrial production index reached the unprecedented mark of 148 percent of the 1936 figure. Since Germany's industrial potential and manpower reserves are still not fully used, it appears probable that the utilization of these facilities for the benefit of Western European defense would lead to a further economic expansion.

An especially welcome development was the increase in coal production recorded during the past three months. Efforts of a German Coal Production Committee consisting of government, management and trade union representatives constituted in early October to further coal production had already resulted in an increase of the daily coal output. When its plans are fully carried out, it may be expected that one of the most serious bottlenecks in European production will be eased, and the working and living conditions of the miners improved at the same time. This increase, together with the lateness of winter weather, confounded the predictions of a disastrous coal shortage made by those who had been attacking the German coal export quotas with such vehemence a few months ago.

Moreover, the significance of coal as an irritant in Allied-German relations was likewise diminished when agreement was reached on November 22 within the International Authority for the Ruhr (IAR) on a reduction of the German coal export quota, and on a retroactive price increase for Ruhr coal. Simultaneously, a formula was agreed under which other IAR countries could draw from increased German coal production on a sliding scale.

A major step in the regulation of the German debt question was taken on December 11. The Tripartite Commission on German Debts, during the course of negotiations with the German delegation, announced in London its terms for the settlement of the claims arising from the postwar economic assistance given to Germany by the Governments of the U.S., U.K. and France. The Allies stated that they had agreed to a scaling down of their claims which reduced German indebtedness to the U.S. from $3.2 billion to $1.2 billion; to the U.K. from £201 million to £150 million; and to France from $15.7 million to $11.8 million. The German delegation was informed that the Allied governments are prepared to make important concessions, both with respect to priority and to the total amounts of their claims concerning postwar assistance, on the clear understanding that these concessions are conditional upon the achievement of a satisfactory and equitable settlement of Germany's prewar debts. Fair arrangements were made regarding terms of repayment, while it was also understood that neither the Federal Government nor its nationals would present any counter claims against the three powers in connection with or incidental to their activities in Germany since the end of hostilities.

The economic situation in the Soviet Zone revealed continuing and drastic efforts to make it an integral part of the Soviet orbit economy. A "Five Year" Plan regulating all economic activity was designed to achieve this purpose. Piece work, overtime work without overtime pay, "competitions" between factories for an increase in production, and a complete subordination of Communist-led trade unions to the almighty state were the outward signs of the "progress" made in the Soviet Zone in introducing Communist labor conditions.

Notwithstanding price reductions in the state-run "HO" stores selling rationed goods at black market prices, the standard of living of the population was still low. The export to Russia of vast quantities of goods from current East German production continued. Despite the hardships of the population, determined efforts were made, and with some success, to refurbish the outward appearance of the Soviet Zone and to make it to an increased measure independent of Western Germany. Public building in East Berlin increased to the accompaniment of much propagandistic fanfare and extensive rubble clearance appeared to be going on in the more conspicuous sectors of the city. Undoubtedly the striking contrast between the Allied and Soviet Sectors of the city was becoming hard to bear, for after a long period of dismal inactivity, a determined effort appears now under way to propagandize the East Sector by erecting a number of undistinguished monolithic public buildings, tribunes, parade areas and similar adornments to counter the more natural and active development of life in the West Sectors of the city. Certain housing projects are also planned. The attraction of Western Germany and of the Western Sectors of Berlin manifests itself in the uninterrupted flow of East Germans to the West, but all this stresses the need for housing in the West.

While gains could be recorded during the past three months in the economic rehabilitation of Berlin, Soviet harassment of outgoing trade from the three Western Sectors of that city continued.[8] Ignoring the understandings laid down by the West German representatives at the time of the signing of the Interzonal Trade Agreement on September 20, the Communists continued to interfere with the free movement of goods in certain important categories. In consequence, the Federal Republic had virtually stopped trade with the East Zone. The Soviet Zone authorities could readily create conditions which would permit the resumption of interzonal trade on a normal scale, but they have been slow to do so.

On the surface, there was a decrease in the somewhat noisy activities heretofore characteristic of the neo-Nazi Socialist Reich Party. Perhaps this could be attributed in part to the Federal Government's move to have that party declared unconstitutional by the newly established Constitutional Court. It appeared that the leaders were concentrating their efforts on internal and covert activties, at least pending the outcome of the Federal Government's action before the Court to have the party outlawed. At the Government's request the Court will also test the constitutionality of the Communist Party.

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[8] For documentation on the Soviet harassment of Berlin trade and communications, see pp. 1828 ff.

Political statements of certain former generals at the head of the veterans' associations gave rise to considerable excitement. But with the resignation of the provisional head of the top veterans' organization, brought about by public pressure because of his derogatory remarks regarding the participants in the July 20, 1944 plot against Hitler, the way seemed clear for the election of officers who would better represent the rank and file of former German soldiers. It is to be hoped that such leaders will limit their activities to the legitmate business of looking after the welfare of their members.

In its first decision, the Federal Constitutional Court on October 23 upheld the Federal Law on the political reorganization of Southwest Germany, and ordered a plebiscite to be held in the states of Wuerttemberg-Baden (U.S. Zone), Wuerttemberg-Hohenzollern and Baden (both in the French Zone). When held on December 9, the plebiscite resulted in a 70 percent majority in favor of combining the three areas into one southwest state, thus creating the third largest state in Western Germany. Although some resistance to the merger was still alive in Baden, it was expected that by the spring of 1952 this new and strong state would be a reality.

On Jan. 31, 1952, the International Refugee Organization (IRO) will have terminated its program in Germany. It could look with pride on its successful activities involving the migration of several hundred thousand displaced persons to other countries where they found permanent new homes. Organized as a successor to UNRFA, the IRO has played an important role in alleviating the plight of millions of DPs brought to Germany as slave labor during the war. There still remained a "hard core" of several tens of thousands of DPs who, for various reasons, could not be resettled outside Germany. A tolerable existence for the displaced persons who will continue to be supported by the German economy will be guaranteed by the continued efforts of welfare organizations and by humane West German legislation.

The Office of the U.S. High Commissioner in Germany moved in November to a new location in the immediate vicinity of Bonn, the seat of the Federal Government. This move, involving great administrative effort and extensive building, was successfully completed without undue interruption in the functioning of the individual offices. This move was symbolic of the growing importance of Bonn as a capital and of the approaching change in status of the U.S. representation in Germany from that of the Office of the U.S. High Commissioner for

Germany to a regular Embassy. The offices and apartments relinquished in the Frankfurt area are being utilized to meet the requirements of the Armed Forces and their dependents.

Notwithstanding inevitable setbacks and irritations, the progress of the Federal Republic in 1951 was impressive. West Germany had not yet taken the final step which would remove the last vestiges of the Occupation regime. But its industrious people under a democratic government seemed about to eliminate the last political and economic barriers and to attain again an honorable position of economic independence and political importance alongside the other nations of the free world. The year 1952 would very likely see the emergence of a new Europe where, instead of a multitude of competing nations, a strongly-knit community would be formed, and where the people could raise their eyes to higher horizons of freedom and well being.

JOHN J. MCCLOY

BONN/MEHLEM, December 31, 1951.

PARTICIPATION OF THE UNITED STATES IN THE WORK OF THE INTERGOVERNMENTAL STUDY GROUP ON GERMANY[1]

A. REVISION OF THE PROHIBITED AND LIMITED INDUSTRIES AGREEMENT; DISCUSSION OF RESTITUTION, REPARATIONS, FOREIGN INTERESTS, CLAIMS, AND RELATED MATTERS

London Embassy files, lot 59 F 59, 350 Germany

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[2]

SECRET PRIORITY WASHINGTON, January 22, 1951—7 p. m.

5046. Fol is summary of position for PLI negots ISG developed in Ger Bureau and now being circulated in Dept and to other interested agencies for clearance.[3] Ur comments requested urgently.

1. US Rep shld state that US believes all limitations industrial capacity except those on direct armament industries, electronic valves and atomic energy shld be lifted soon as Ger Govt has given acceptable acknowledgement of pre-war Reich debts and obligations for postwar assistance as required by NY decision Foreign Ministers. However, US prepared work out formula re steel production and capacity to avoid an unfavorable impact on German willingness to ratify Schuman Plan Treaty,[4] such as arrangement to defer briefly effective date of elimination restrictions.

2. Principal reasons for elimination of restrictions on industries other than those relating to armaments are:

A) Three Occupying Powers must recognize that elimination restrictions German industry inevitable if we are to establish relationship we desire with German Govt and people; restrictions will in any case be eliminated as part of any conceivable agreement on German participation in Western defense and on contractual relationship between Germans and ourselves.[5] Continuing industrial limitations will retard rather than expedite German decisions and development German public opinion favorable to our objectives. Restrictions will not if continued constitute useful bargaining counter in other negotiations with Germans. These will succeed if they do succeed by German conviction of appropriateness and urgency for Germany of acceptance our proposals. They will not turn on our willingness add elimination of restrictions which have no continuing justification to sum of mutual concessions and commitments.

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[1] For previous documentation, see *Foreign Relations*, 1950, vol. IV, pp. 737 ff.

[2] Repeated to London and Paris.

[3] Instructions for the United States ISG Delegation on restitution, claims (German debt settlement), and foreign interests were sent in telegrams Tosig 376, 378, and 382, January 26 and 30, none printed (262.0041/1-1251, 396.1-ISG/1-2651, and 1-3051).

[4] For documentation on the Schuman Plan, see volume IV.

[5] For documentation on the establishment of contractual relations between West Germany and the three Western powers, see pp. 1446 ff.

B) Sweeping revision of restrictions is only action compatible with Mins directive of Sept 1949 [*1950*] [6] which was confirmed at Brussels. In particular it is clear that incompatibility of present system restrictions with present and prospective relations with Germans becomes greater with each passing day.

C) Public (e.g. Congress, Germany, etc) expect something substantial emerge from ISG on this subject now. US Congress and people consider these limitations absurd and unjustifiable, especially in present world situation and in view US military and economic aid to Europe.

D) Restrictions on Germany non-armament, war related industries are hindrance to full utilization German and European resources for defense. They restrict production urgently needed to reduce shortages and inflationary pressure in West.

E) Restrictions provide Germans with justification, which is generally accepted in Germany and given considerable weight in Western countries, for failure maximize exports to West of critically needed materials and products.

3. Failing agreement by Brit and French to eliminate mass of limitations as recommended, US representative should attempt eliminate many as possible. He should be guided by following considerations supplementary to those above:

A) Extent to which Germany or US public opinion particularly concerned with limit or its effects.

B) Importance or potential importance of removal from supply viewpoint whether for defense or general consumption.

4. US representative should insist on incorporation in any agreement of following:

A) Formula for admin of any capacity controls which may be maintained approx as flexible as US proposal third session ISG.

B) Review of agreement whenever Germany agrees with OCC Powers on terms for participation in Western defense or August 1, 1951 whichever is earlier.

5. Provision for elimination of steel production and capacity limits may become effective if French insist only upon German ratification of Schuman Plan. However, US Del should not agree to any interim provision more restrictive than NY formula as currently implemented by HICOM.

6. If possibility that revision of restrictions will reduce supplies coal and coke available to French and Benelux used as argument for

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[6] For text of the Foreign Ministers Directive to the Intergovernmental Study Group on Germany, see *Foreign Relations*, 1950, vol. III, pp. 1188 ff.

retention restrictions, US representative should reiterate that US Govt prepared consider sympathetically in appropriate bodies such as IAR and OEEC distribution of European and especially German coal supplies. US representative may also indicate willingness forward any specific proposals to Govt. Dept will have to instruct US Del on this issue in light circumstances at time French raise it.

7. US Del should seek following objectives re schedule A:

A) Technical revision schedule to eliminate obsolete weapons and items not fundamentally military and which not potential security risk, and to clarify and improve drafting.

B) Revision of prohibition in PLI agreement re schedule A to provide that production war materials listed therein without authorization of HICOM prohibited, rather than that such production absolutely prohibited.

C) Instruction to HICOM that it may authorize production for export to NATO countries or their forces in Germany of certain articles listed in Schedule A other than weapons. (Above three proposals introduced at third session ISG and first two agreed among Delegates.)

D) Understanding that Three Govts will instruct HICOM that it may authorize production for approved Western Defense needs (NATO countries and Germany) of items listed Schedule A, other than items prohibited pursuant to NATO recommendations, at such time as agreement reached with Germans on German participation in Western Defense. Manner in which this authority will be exercised and nature of any capacity or production controls should be worked out by HICOM.[7]

Copies of paper follow by air.[8]

ACHESON

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[7] In Tosig 381 to London, January 29, not printed, the U.S. Delegation was authorized to present its position based on these instructions (396.1-ISG/1-2851).

[8] A copy of ISGG D-10/1, "Position on Prohibited and Limited Industries," dated January 22, not printed, is in file 396.1-ISG/1-2251.

Editorial Note

On January 30 the Intergovernmental Study Group on Germany (ISG) resumed its deliberations at London to consider restitution, reparations, foreign interests, claims on Germany, and the revision of the Prohibited and Limited Industries Agreement. At this fourth session the United States Representative was Julius C. Holmes, Minister at London and Jacques J. Reinstein, the Director of the Office of German Economic Affairs, was his alternate. The British Representative was Sir Donald St. Clair Gainer, Joint Permanent Under-Secretary of State for Foreign Affairs (German Section) and his alternate was Roger Stevens, Assistant Under-Secretary of State. The French Representative was René Massigli, Ambassador in the United Kingdom, and his alternate was Robert Gillet, of the Ministry of Foreign Affairs.

The work of the ISG during 1951 was divided among a plenary committee which met 5 times, a steering committee which met 64 times, a claims committee which met 42 times, a foreign interests committee which met 15 times, and an *ad hoc* committee which met as circumstances required. The most extensive set of records for the fourth session of the ISG is in the CFM files, lot M–88, boxes 196–204. It includes United States Delegation minutes of the various committee meetings, position papers, ISG documents and reports, sets of Tosig and Sigto telegrams from other posts dealing with questions discussed by the ISG, and miscellaneous papers and documents relating to the work of the ISG. The most important block of records in the Department of State's decimal files dealing with the ISG is in 396.1–ISG. It includes telegraphic exchanges with the delegation and other interested posts and some of the papers and documents of the session.

The documentation which follows, because of the tremendous volume of materials generated by the ISG, presents only an outline of the discussions in London, concentrating predominantly on the revision of the Prohibited and Limited Industries Agreement.

396.1–ISG/2–151 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

SECRET LONDON, February 1, 1951—4 p. m.

Sigto 424. First plenary fourth phase ISG held January 31 with Gainer, Holmes and Massigli, devoted primarily to PLI.

Massigli said we must consider over-all problem our relations with Germans; French Government thinks agreement re relaxation industrial restrictions should be given HICOM for use as bargaining counter in negotiations with Germans. French ready to proceed with discussion PLI soon as possible except re steel, where problem of coke availabilities is obstacle. Coke problem under discussion OEEC, ECE, IAR, et cetera. If new ceiling on steel production fixed before coke problem settled, Germans would use new ceiling as justification for increase in use coke at expense French and Benelux. Therefore, French do not wish discuss steel in ISG until agreement reached on coke. French desired defer PLI talks to February 7 since Gillet to attend two meetings on subject in Paris in order complete French preparations for discussions. Massigli indicated this date firm and not effort to stall. In reply Holmes' questions, Massigli said question whether HICOM should make revision PLI as whole or might withhold some relaxations should be left to HICOM though he agreed all concessions would be made eventually. He anticipated arrangements re coke would be made in two weeks.

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[1] Repeated to Frankfurt and Paris.

Holmes said US prepared remove all industrial limitations including steel, excepting only military items, atomic energy and aircraft, soon as possible, citing need for Western defense, developing shortages, and US view that rapid action will do more for success our negotiations with Germans than bargaining under French concept. US realizes special problem of French re steel, i.e., coke and Schuman Plan, could postpone this subject to end of discussions when US hopes remove limitations.

Massigli asked whether Holmes meant discussions would not proceed on basis of positions in previous discussions. If so, problem of completing French Government preparations would be considerably more difficult. Holmes said this understanding of US position correct. We have lost great deal of time in revising PLI, situation has changed, US wishes to sweep away all industrial restrictions now. He wished make US position clear before discussions begin.

Gainer said UK delegate lacked authority go far as US position, would have to reconsider position.

Question of procedure when agreement reached on ISG recommendations PLI discussed. Consensus ISG could recommend to Foreign Ministers how report should be used.

Agreed alternates would resume PLI discussion not later than February 7. After meeting, Gainer expressed personal agreement with US approach, indicating he was glad to have opportunity to take up problem with other departments and believes Bevin would agree.[2] French, as might be expected, showed no enthusiasm for US proposal, Massigli saying at one point in meeting that his government feels no obligation make any concession PLI to Germans without corresponding concessions by Germans.

Plenary fixed February 28 as date for completion all work resulting from New York agreement except claims. Approved arrangements made by steering committee reported in paragraphs 3, 4, first sentence of 8 and 9 Sigto 421.[3] Also agreed to inform Benelux formally of resumption of session.

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[2] In another meeting following the first plenary, Stevens had indicated ". . . that he was somewhat doubtful of the U.S. tactics, as to their effect on the French, of indicating at the outset of the discussions that the U.S. wanted to make a clean sweep of all restrictions other than those relating to armaments." (Memorandum of conversation, February 1, London Embassy files, lot 59 F 59, 350 Germany)

[3] Not printed; it reported that the claims and foreign interests committees would resume work immediately, that the steering committee should meet with the Benelux representatives, and that no communiqué should be issued concerning the resumption of the ISG meetings. (396.1-ISG/1-3051)

396.1-ISG/2-351

The United States Alternate Representative at the Intergovernmental Study Group on Germany (Reinstein) to the Deputy Director of the Bureau of German Affairs (Lewis)

CONFIDENTIAL LONDON, February 3, 1951.

DEAR GEOFF: I thought that I would not send a round-up telegram this weekend, in view of the limited number of meetings which we have had. However, you may want to have some indication of the general outlook as it appears after our first contacts.

My impression is that the amount of work done by the other Delegations during the recess has been somewhat spotty. The French have been working on the PLI to some extent, but I have no evidence that the British have studied the subject further at all. I had a conversation with Roger Stevens on February 1, a copy is being sent to Jacobs, which will be of interest in this connection.[1]

Both the British and French seem to have been working on foreign interest and restitution, which bodes well for the speedy completion of our discussions of these subjects. I doubt whether a great deal was done on the subject of claims, but it is probably too early to tell. The British have been going into the question of the waiver and will, I believe, have some specific proposal to make. The French seem to be exactly where they were last Summer. No one, including the American Delegation, is ready to discuss reparation. No one had much in the way of ideas about the last paragraph of the Brussels directive either.

In the light of the foregoing and of the prospects with regard to the questions we will get under the Brussels directive, I think it is entirely possible that we might be able to wind up ISG by Easter or relatively soon thereafter. It should be possible to complete foreign interests and restitution within two or three weeks. The PLI agreement can and should be finished by the end of February. If we get our backs into it, I see no reason why stage 1 of the debt procedure cannot be completed by the end of March or early April. By the same time, it should be possible to complete any additional work which we get under the Brussels directive, providing that the U.S. Delegation is in a position to take the initiative and make proposals. The only thing left would then be debts, which would go over to a new tripartite body constituted to deal with that problem. Perhaps this is too optimistic, but I think we should adopt it as our objective.

The foregoing analysis elides over the question of what happens if there is a disagreement on these subjects which cannot be resolved. This is probably most likely in the case of the PLI agreement. My own reaction would be to push the issues up to Governments and if necessary reconvene again at some later date, in preference to sitting around here week after week as we did on the PLI last Fall. The only other alternative may be to throw the question of timing to the High Commission, as the French propose. This is a matter which it would be well to turn over in our minds from time to time as the session proceeds.

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[1] Regarding this conversation, see footnote 2, *supra.*

If things work out anything like the way I have suggested above, we may want to consider whether ISG should be formally dissolved, or whether there may be some value in adjourning with the implication that other problems may be referred to it in the future.

I think we have pretty well settled down, which has been facilitated by the excellent work done by members of the Delegation in the past. We lost a couple of rooms while we were away and are rather cramped for space. We hope to get a little more space within the next week. I think we have an excellent group of people. They have been working very hard and show every sign of functioning as a first rate team.

With best regards to all in Ger,

Sincerely yours, JACQUES

P.S. The French member of the Foreign interests and Restitution Committees has come down with the flu. He will be in bed a week and cannot be replaced. All estimates set forth above are subject to change without notice.

396.1–ISG/2–851 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

SECRET LONDON, February 8, 1951—12 p. m.

Sigto 434. Discussion PLI resumed at meetings Steering Committee February 8 with Stevens, Gillet and Reinstein.

US and British representatives attempted pin down French as to what arrangement or agreement on coke they are seeking (Sigto 424[2]) before steel limitations can be discussed. Gillet stated French willing discuss steel capacity questions now, but not level of production. Re coke, French seeking system of allocation which Germans will observe and which will put French steel industry on equal basis with German industry as regards access to coke supplies; expressed view US and Britain could be very helpful in securing such allocation arrangement. Stevens expressed view question of exports from Germany could be settled only in context of allocation system in which Germany treated same as other countries.

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[1] Repeated to Paris and Frankfurt.

[2] Dated February 1, p. 1347.

Gillet stated French willingness act on steel not dependent on progress of Schuman Plan since they hope coke problem will be solved long before Schuman Plan operative.

After meeting Gillet told Reinstein privately French are trying to work out arrangement with Germans which would solve coke supply problem by establishing relationship between production and exports, which would then be submitted OEEC. French agreement with Germans, not OEEC allocation arrangement, key to action on steel limitations. Gillet gave impression French had obtained assurances US support for this project, and willingness to put pressure on British to discuss their coal requirements in OEEC. (Gillet apparently under impression British not aware of French negotiations with Germans, though it is apparent to us that British are aware though uncertain as to what involved.)

British not yet ready discuss new US position, i.e. they have not finished resconsideration their position re steel and shipbuilding capacity.

Second meeting devoted to discussion problems schedule A. British and French apparently substantially in agreement with concept Department proposals 7(*c*) and (*d*) Deptel 5046, January 22 to Frankfort[3] and Department position paper,[4] the French apparently believe NATO will make extremely detailed decisions as to what should and should not be produced in Germany after agreement reached with Germans on German participation in western defense. It was agreed three delegates would consult NATO representatives unilaterally on this question. Further telegram re this problem will follow when we have discussed with US NACDep.

Consensus problem of further defining items to be prohibited pursuant NATO decisions could be deferred for present and probably later considered by HICOM.

Experts committee will meet February 9 to discuss redefinition restricted ship characteristics and details proposed instruction to HICOM re production schedule A items which may be authorized immediately (recommendation 7(*c*) Deptel 5046 to Frankfort); Steering Committee will continue general discussion PLI February 15.

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[3] *Ante*, p. 1344.

[4] ISGG D-10/1, January 22, not printed.

396.1-ISG/2-851 : Telegram

The Secretary of State to the United States Delegation at the Intergovernmental Study Group on Germany, at London[1]

SECRET WASHINGTON, February 8, 1951—2 p. m.

Tosig 403. There follows agreed position to be taken by USDel re scope of claims settlement plan:

USDel shld explore feasibility of broadening present scope of settlement plan to provide for fullest possible final disposition of all outstanding claims against Germany and Gers. Exploration shld be directed to determining whether broadening plan wld unduly retard requirements for accelerated procedure resulting from Brussels decisions, wld impair present econ and polit objectives of plan, or wld endanger objectives being sought under Brussels decisions. Settlement of scope proposed, to be effective, will require agreement by practically all nations outside Soviet orbit with substantial claims against Germany. Only practical method of seeking such agreement will be through gen claims conference of such countries as all other methods too cumbersome and too slow to meet requirements of situation. Basic dangers in such conference are it may:

a) unduly delay reaching any settlement;
b) get out of hand re World War II claims.

Dangers could be minimized if Occupying Powers and Benelux reach firm agreement on how all classes of claims shld be settled in advance.

As basis for conducting exploration whether such agreement possible, the fol positions shld be taken re manner in which specific classes of claims included in gen settlement shld be disposed of.

I. WORLD WAR I DEBTS

A. *Reparation Annuities under Hague Plan.*

These claims shld be waived.

B. *BIS Mark Holdings on Reparations Accounts.*

These claims shld be cancelled. Final position not yet established on Reichsbank holding of BIS shares.

C. *US Treasury Holdings of Reich Bonds for Mixed Claims, Commission Awards and Occupation Costs.*

Dept has proposed to Treasury that these bonds be cancelled only if A and B agreed. Final position will be established after receipt Treasury views. No position has been formulated if Brit-Fr agreement to waiver of reparations annuities conditioned on cancellation

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[1] Repeated to Frankfurt and Paris.

Allied World War I debts to US. Pls advise if exploratory talks indicate such condition likely.

II. CLAIMS ARISING DURING WORLD WAR II

A. *Claims specified in Para A, Art 2 of Paris Reparations Agreement.*[2]

Any reserved rights re these claims under Para B, Art II, of the agreement shld be waived by signatory countries. Non signatory belligerents shld waive all claims of types specified in Para A Art II.

B. *Claims Specified in Para C(ii) and (iii), Art 2 of Paris Reparations Agreement.*

To extent these claims are not disposed of by HICOM action prior to estab of settlement plan, they shld be left to free negot between FedRep and govts concerned subj to qualification that any Deutsche Mark holdings resulting from such settlements be subjected to the requirements re DM holdings specified in IV(B).

C. *Non-contractual Claims Against Ger Natls Arising in Occupied Areas (e.g. Fr Maladmin Suits etc.).*

These claims shld be waived or, if waiver unattainable, provision for reasonable settlement in plan, possibly by moderate lump-sum settlements.

D. *Contractual Claims Against Ger Natls Arising in Occupied Areas Which Were Not Discharged Under Clearing Agreements.*

Provision shld be made for settlement under plan.

E. *Unpaid Clearing Balances Due Neutrals for Trade During World War II.*

These balances shld be waived.

F. *Claims of Neutral Govts Arising During World War II and Non-Contractual War-Connected Claims of their Natls.*

These claims shld be waived.

G. *Contractual Claims of Neutral Natls Not Discharged Under Clearing Agreements.*

These claims shld be settled under plan.

III. EXTERNAL OCCUPATION COSTS, POST-WORLD WAR II

Seek agreement to waive these claims.

IV. PRE-WAR DEBTS OF GERMANY AND GERS

A. *Pre-War External Debt.*

Included in plan.

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[2] For the text of the Final Act of the Paris Conference on Reparation, December 22, 1945, see Department of State *Bulletin*, January 27, 1946, p. 121.

B. *Fon-held Pre-War Internal Debts.*

Seek agreement that DM holdings arising from settlement of such debts be subjected to requirements governing Marks derived from Mark settlement of external debts. Re fon-held internal Reich debt, seek agreement assumption by FedRep of such debt matter for Ger decision, but if such assumption transpires then resultant Mark holdings to be subjected to same requirement for other fon-held internal debt.

Request your views whether option provided under V(C) shld be afforded to external holdings this category of debt especially re possible effect on tentative ceiling for servicing debts.

C. *Fon-held Pre-War Debts not Strictly Classifiable as External.*

Seek determination on case by case exam under controlling principle that debts whose convertibility is guaranteed under internatl agreement be treated as external and all other as internal, former to be handled under IV(A), latter under IV(B).

D. *Fon-held Pre-War Non-Contractual Claims.*

DM holdings resulting from settlement of such claims shld be subjected to same requirements as DM holdings under IV(B).

V. POST-WORLD WAR II CLAIMS

A. *Govtl Debt in Respect of Post-War Econ Assistance.*

See Tosig [409?].[3]

B. *External Claims Arising Subsequent to May 8, 1945 from Commercial Transactions Essential to Econ Recovery of the FedRep.*

Such claims shld be excluded from and have priority in settlement over any claims for which settlement is provided in plan.

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[3] On February 9 the Department of State informed its delegation at the ISG that it had "encountered extreme reluctance within Govt to agree on instrs re treatment of claims for post-war Govtl econ assistance," due to the unsettled question of financing NATO troops in Germany. If this question were not present, the instruction would be:

"Settlement of claims of Occ Powers against Germany on acct of postwar econ assistance shld be included in settlement plan for Ger debts, but shld also be related to appropriate decisions reached with regard to Germany's contribution to common defense and to other agreed governmental purposes. The terms of settlement of these postwar claims shld in gen be as follows:

A. The amt of claims shld be written down.

B. As far as any part of claims is payable in fon exchange, such payments might be on easier terms than the terms applicable to prewar debts, but the plan might contain a local currency option with provision for accelerated payments with regard to postwar intergovernmental claims.

C. The remaining amount of claims shld be payable in marks which cld be used only for agreed governmental purposes, such as defense expenditures, within agreed limits." Tosig 409, to London, February 9 (396.1-ISG/2-951).

C. *Externally-held Deutsche Mark Balances Accruing under Restitution, Gen Claims Legis, Pre-settlement Conversion of External Debts, Claims Awards of Occupation Authorities and any Prior Claims Settlements Agreed by, Approved by or Non-disapproved by Occupation Authorities.*

Such balances shld be made subj to same requirements as DM holdings under IV(B), except holders thereof be allowed option of converting holdings under settlement plan into long-term external obligations.

D. *All Other Externally-Held DM Claims.*

These shld be excluded from plan and settled in accordance Ger law. To protect position of external holdings of DMS included in plan commitment be obtained from FedRep that it will afford no less favorable treatment at any time to DM holdings included under plan, but not converted into long-term external obligations, than to externally-held DM claims excluded from plan.

VI. Special Categories

A. *Pre-War Claims Against Gers or Ger Entities Not Subj in Whole or in Part to Jurisdiction of FedRep.*

These shld be deferred until a peace settlement.

B. 1. *Claims of Those Govts Except Claims Under V(B) or V(D) Which do not Enter into an Internatl Agreement Which Provides for an Agreed Settlement of Claims Against Germany and Which Recognizes FedRep as Only Legitimate Govt of Ger People.*

2. *Claims of Natls of any Such Govt with Above Exception.*

Such claims shld be barred from settlement until and unless such Govt becomes party to agreement.

Agreement shld also be sought that settlement of any class of claims whose disposition is not provided for in plan shld be postponed until a peace settlement. If appears unlikely agreement can be reached on all such recommendations, request report on extent to which agreement appears possible and recommendations as to course to be followed.[4]

Acheson

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[4] The U.S. Delegation replied that there was some indication the British were "coming around to the view that comprehensive settlement may be necessary," but that the French were "certainly not this far along in their thinking." The delegation indicated that it would probably take up with the Department of State certain questions raised in this telegram and answer in due course the others. (396.1-ISG/2-1251)

396.1-ISG/2-951 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET PRIORITY WASHINGTON, February 9, 1951—8 p. m.

4206. London's Sigto 433 Feb 6, rptd Paris 1442, Frankfort 786.[2] Dept agrees that any misunderstanding on part Fr of US position steel limitations shld be removed. While responsibility stating US position rests primarily with USDel, ISG, Dept suggests Emb Paris inform Monnet US views and basis of them.

Position is stated in Deptel 3855 to Paris, Jan 22 rptd London Tosig 368, Frankfort 5046,[3] and in PLI position paper (ISGG D-10/1 Jan 22, 1951).[2] Further supply argumentation is contained in Annex D above paper, airpouched Feb 5.

In summary US believes PLI limitations on steel production and capacity shld be removed not later than at time Ger ratification Schuman Plan and hopes Fr will so promise Gers in Schuman ltr to Adenauer. Major bases US position as fols:

(*a*) Criteria of FonMins NY decision on review PLI agmt, that is review in light of administrative burdens, changes in our relations with Gers, and needs of Western defense.

(*b*) Belief US Cong and people steel limitations (and others) serve no useful security purpose and hurt Western Allies as much or more than Gers.

(*c*) Necessity increasing steel production in Ger as much as is compatible with equitable distribution steel making raw materials.

(*d*) Unbalanced state of Ger steel capacity as result obsolescence and dismantling, especially in types steel most urgently required for direct and indirect defense needs (i.e. sheet and tube).

(*e*) Fact that Schuman Plan auth will exercise control over expansion steel capacity in all member countries, including Ger and will ensure equitable distribution coal and coke.

Dept prepared, as stated Deptel 3778 Jan 17 to Paris, rptd Frankfort 4963, London 3429,[2] to agree IAR continue allocate coal and coke until Schuman Plan auth in position to assume this function unless another method of assuring equitable distribution Ger coal and coke is agreed upon.

ACHESON

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[1] Repeated to London, Frankfurt, and Dusseldorf.

[2] Not printed.

[3] *Ante*, p. 1344.

396.1-ISG/2-1251 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

TOP SECRET LONDON, February 12, 1951—7 p. m.

Sigto 439. As reported Sigto 434,[2] British and French apparently substantially in agreement with concept Department proposal re schedule A items (war materials) which Germany may produce immediately for export to NATO countries. There is also agreement that directive should be given HICOM re action to be taken re arms production once agreement reached on German participation in defense. However, French apparently believe implementation must depend on prior NATO decisions, perhaps in some detail.

On basis their understanding paragraph 7(*d*) council deputies report December 13 [3] approved at Brussels, French delegate proposes wording such as follows for understanding on this subject:

"When competent organisms NATO have formulated recommendations on nature and importance of contribution to be demanded of German armament industry and on basis such recommendations, HICOM may grant authorizations toward production of materials listed schedule A, with exception (unless and until governments decide otherwise) of items forbidden by recommendations approved by Ministers in Brussels or any specialized productive, testing or training equipment or components associated with development, production or use these items."

Our understanding of situation re German production is as follows:

1. NATO recommendations approved at Brussels provide that Germany should not produce certain military items (heavy military equipment, military aircraft, naval vessels other than minor defensive craft, atomic, biological and chemical weapons and long range missiles). Pending development other arrangements, occupation powers responsible for defining and enforcing this decision.

2. *Paragraph* 7(*d*) Council Deputies report indicates subject to agreed safeguards, German production should contribute to greatest possible extent to support of German forces and such other phases of common defense as reasonable and within capabilities. We understand this to mean that Germans should produce all desired items they can, for German forces and NATO countries, except prohibited items, subject to whatever decisions on standardization may have been reached and subject to any decisions made by NATO on supply grounds.

3. Statement in paragraph 7(*d*) that appropriate agencies NATO should recommend nature and size contribution German armament industry not intended to mean that NATO agency will necessarily make detailed decisions on what should be produced in Germany or

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[1] Repeated to Frankfurt and Paris.

[2] Dated February 8, p. 1350.

[3] For documentation on the NATO Council Deputies report of December 13, 1950, see *Foreign Relations*, 1950, vol. III, pp. 1 ff.

that authorizations for Germans to produce permitted armaments should await recommendations or any further action of any sort by NATO agencies. This of course does not mean that Federal Republic would not submit to NATO information re its production program, which would be subject to same review as programs of NATO countries.

4. Occupation powers retain right to maintain control of production in Germany of non-military items which they may decide necessary in order to implement prohibitions covered by NATO recommendations. On this point our understanding US position that only additional prohibitions should be (1) production in Germany of all aircraft should continue be prohibited rather than only military aircraft as recommended by NATO, (2) atomic energy development should continue be controlled as under Law 22,[4] with whatever revisions or relaxations may be agreed by occupation powers, rather than only atomic weapons prohibited as recommended by NATO. Please confirm.[5]

Understanding (3) above apparently contrary to interpretation paragraph 7(*d*) of French delegate ISG. However, we believe their concept incompatible with objective (2) above. Under French concept positive decision by NATO agency would be required before NATO country order could be placed in Germany, whereas under our concept order could be placed unless it conflicts with NATO decision. Also involved is problem of what Germans may produce for own forces. Under French concept apparently DPB would have to decide that Germans should produce specific item, e.g. rifles, whereas under our concept HICOM would automatically authorize them produce rifles for their needs, provided any standardization agreement complied with and provided NATO has not taken specific decision rifles should be produced elsewhere.

This aspect of problem in turn leads us into problem of controls if any, to be exercised over German production during period when we retain at least theoretical control, i.e. after agreement reached with Germans on German participation but before inception contractual arrangement. Will HICOM in this period examine specific German needs and authorize production accordingly or will it give Germans blanket authorization produce any quantity of any items they are permitted to produce up to their own determination of their needs? We are inclined lean toward arrangement along latter lines. Germans will not be permitted produce weapons at all until agreement reached with them on German participation, when presumably we will be very close in point of time to inception of contractual arrangement, end of controls, and restriction German production through understanding with Germans. Incidentally, two future stages, (1) when we retain at least theoretical control German production permitted items and (2) when we have given up such control, probably correspond roughly to two future stages of German relationship to NATO contemplated in Department's circular airgram January 25.[6]

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[4] For the text of Allied High Commission Law No. 22, "Control of Materials, Facilities and Equipment Relating to Atomic Energy," dated March 2, 1950, see *Laws, Regulations, Directives and Decisions*, vol. I, pp. 61–70.

[5] In Tosig 420, February 14, to London, the Department of State confirmed the understanding as requested in this paragraph (396.1–ISG/2–1451).

Reinstein hopes discuss these problems jointly with Byroade and HICOG February 13 and 14.[7]

Cleared with USDep.

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[6] Not printed.

[7] The U.S. Delegation reported further that Reinstein was not able to discuss the substance of this telegram when he was in Frankfurt but that the brief conversation he had with Byroade and Gerhardt "indicated they felt telegram was along right lines." Sigto 449, February 15, from London (396.1–ISG/2–1551).

396.1–ISG/2–1251 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

SECRET London, February 12, 1951—11 p. m.

Sigto 444. Re Tosig 409 repeated Frankfort 5500.[2] Question of treatment of claims for postwar economic assistance was discussed at Steering Committee meeting February 9. USDel indicated inability to discuss issue at present time but promised would be able by about February 16 to indicate when matter could be taken up in Steering Committee.

British are pressing for initiation of discussions at early date on postwar claims. They have, in most recent discussions, taken position this issue must be settled first in order to permit determination as to what should be done re prewar debts. Failure on part of US to join issue in relatively near future will, in our judgment, be injurious to our position both on settlement of prewar debts and on settlement of postwar claims, including relationship to defense financing.

We can concentrate discussions for short time on prewar debt, providing we are able to put forth our views on this subject in context of overall arrangements. We consider it necessary as a minimum, that we will be able to say immediately that (1) all debts included in plan have to be scaled down, and (2) that the settlement of postwar governmental claims should not call for any payments in foreign exchange, or in marks useable to pay for creditor country's current balance of payments deficit vis-à-vis Germany, except on basis that any such payments would be subordinated to Germans for exchange requirements for the servicing of obligations arising from settlement of prewar obligations under the plan.[3]

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[1] Repeated to Frankfurt and Paris.

[2] Not printed, but see footnote 3, p. 1354.

We feel that position along above lines could be taken without prejudicing any of the Washington problems outlined in Tosig 409. It would leave open the question at what time and in what context the Germans would be assured of the scaling down of existing postwar claims and would leave open whole question as to manner in which marks might be collected against such claims and used for governmental purposes. If unable take any position re postwar claims USDel cannot set forth US position on German debt settlement as a whole and develop adequately and strongly our views on prewar debts. In Claims Committee, British have objected to adoption of principle of scaling down of prewar claims. At present time we are precluded by Department instructions from stating overall position relating this issue to German ability to pay.

Believe that taking position in accordance paragraph 3 above would permit us protect US negotiating position at current stage. However, any significant delay in establishing US position on postwar claims which can be put forward in discussion will completely tie up negotiations here. In this connection, significant that Federal Republic has expressed willingness to begin negotiations on postwar claims, as indicated Frankfort 554 sent Department 6641 repeated Paris 613,[4] which will increase pressure for early tripartite decision here.

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[3] In Tosig 431, February 21, to London, the U.S. Delegation was authorized to take the position on post war claims suggested in this paragraph (396.1-ISG/2-1251).

[4] Dated February 10, p. 1414.

396.1-ISG/2-1651 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

SECRET LONDON, February 16, 1951—7 p. m.

Sigto 451. Steering committee discussed US proposal PLI February 15. British stated could not accept US proposals and proposed as alternative revision PLI agreement in two stages: (1) relaxations they proposed in third phase ISG, as modified by concessions they were willing make to French position then, to be effective at earliest appropriate time, (2) further relaxation to be effective when decision taken on German contribution to defense. This time defined as when necessary legislation passed by Bundestag and agreement with Germans being implemented. Two stages would correspond approximately to two stages contemplated re authorization production schedule A items

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[1] Repeated to Frankfurt and Paris.

(Sigto 434[2]). British would be prepared consider sympathetically removal of steel and shipbuilding capacity limits as part of second stage.

British argued steel and shipbuilding capacity limits should not be lifted prior to decision on German contribution because presence of sufficient armed force necessary to avoid security risk of increased capacity and German force best means to this end.

French stated US proposal totally unacceptable. Willing discuss relaxations subject two conditions: (*a*) steel production to be discussed only when agreement reached on coke, (*b*) agreement to be turned over to HICOM to be made effective when HICOM sees fit. HICOM would use relaxations as means of bargaining with Germans and date when agreement made effective would depend on course of negotiations with Germans. Gillet indicated he would be willing refer British proposal to Paris, but he had no hope at all that it could be accepted.

Reinstein argued US position strongly, urging necessity of removing barriers to Western defense effort at earliest possible time. Reviewed efforts of US to obtain review PLI beginning last summer. Foreign Ministers in September directed ISG to proceed soon as possible with review and assignment of review to ISG had been publicly announced, but French had gone back on this agreement and even now do nothing but think of reasons for delay, i.e. Schuman Plan, coke, German participation in defense. US had indicated willingness consider timing of relaxation steel limits which would avoid prejudice to success of Schuman Plan negotiations. US regards review as urgent due to supply considerations as well as for other reasons. Stressed need for modernization German steel finishing capacity, which insufficient and obsolete, and need for products in short supply regardless of question of German participation.

Reinstein finally indicated willingness explore problem on basis British proposal subject two conditions:

(1) That specific products must be discussed, e.g., British proposal not satisfactory re steel finishing capacity,
(2) Agreement must include significant relaxations to be effective immediately.

British firmly rejected French concept of timing, agreeing with US relaxations should be made effective in immediate future though HICOM would determine precise time of announcement. Stevens mentioned as one argument against French concept of timing that agreement with Germans on participation in defense might be long delayed. He also stated among other examples of restrictions which should be relaxed, that there should be more permanent arrangements re steel production.

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[2] Dated February 8, p. 1350.

French have not stated precisely what relaxations they will accept, even subject to condition re timing, though Gillet indicated belief agreement could be reached on basis compromise he believes he could have worked out in December had he been permitted to do so. British undertook to put their proposal in writing to be discussed by Steering committee next week.

Schedule A discussed separate telegram.[3]

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[3] Sigto 452, *infra*.

396.1–ISG/2–1651 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

TOP SECRET LONDON, February 16, 1951—7 p. m.

Sigto 452. At Steering Committee meeting February 15 Reinstein outlined US understanding of situation re German production arms as set forth numbered paragraphs 1–4 Sigto 439, February 12 [2] and introduced revised draft instruction to HICOM re JMS [*Ger?*] production based on this understanding. Draft would permit HICOM authorize.

(1) Production for NATO and other approved countries (including Germany) of Schedule A items, except those forbidden at Brussels, when agreement reached with Germany on German participation in defense.
(2) Production of some component parts of forbidden items if same can be produced without special equipment or techniques.
(3) Construction of capacity for authorized production.
(4) Would indicate responsibility of HICOM, with advice military experts, for further definition forbidden items, subject to approval by three governments.

Reinstein indicated "some component parts" obscure and needs further study and definition. Re paragraph 4 reference telegram, Reinstein indicated Brussels list needs completion; control of atomic energy development and prohibition of civil aircraft production should be added to safeguards since they are necessary to make effective prohibition of atomic weapons and military aircraft.

British agreed with US understanding except reserved position re prohibition civilian aircraft production, expressing doubt that Occupation Powers could modify Brussels list except for obvious omissions e.g., atomic energy control. British proposed in addition to proposals USDel draft, that provision be made for special consideration if

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[1] Repeated to Frankfurt and Paris.
[2] *Ante*, p. 1357.

NATO country requires Schedule A items, other than items forbidden at Brussels, from Germany in advance of decision on German participation indicated this proposal based on view that decision on German participation may be long delayed.

Reinstein non-committal re this proposal, though expressing thought that components might be problem (will discuss this point further in separate telegram).

French had not consulted their NATO/people and not prepared agree or disagree with US-British position.[3]

British to prepare revised draft which will be airpouched soonest; USDel to prepare paper on position re atomic energy and aircraft.

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[3] At the steering committee meeting on February 20, the French Delegation agreed with the American-British position "that Schedule A items other than those forbidden at Brussels may be produced in Germany when agreement reached on German participation in defense without awaiting further action by NATO on nature and size of German contribution." Sigto 459 from London, February 21 (396.1–ISG/2–2151). For a further report on the steering committee meeting, see Sigto 458, *infra.*

396.1–ISG/2–2151 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

SECRET LONDON, February 21, 1951—5 p. m.

Sigto 458. At steering committee meeting February 20 British introduced general proposal regarding revision PLI agreement in two phases.

First phase would involve removal of restrictions which no longer justified on security grounds, which British consider to be all prohibitions and limitations except those re Schedule A and atomic energy, steel capacity, shipbuilding capacity, and certain electronic valves. Some modification of policy on electronic valves would be involved, and remaining capacity limits would be administered in manner proposed by British in December.

These prohibitions and limitations would be removed at early date to be determined by HICOM, irrespective of state of negotiations with Germans regarding defense contribution or any other subject. Determination by HICOM would be based on short-term tactical considerations only; effective date would not be delayed beyond date to be specified, perhaps one month after agreement reached.

Phase two would be reached when firm and satisfactory agreement reached on Germany's contribution to defense. At this time, further modifications of agreement would be made effective. Specific nature of further modifications for discussion in light of anticipated contractual relationship, under which removal of controls would be to large extent inevitable. HICOM could indicate to Germans in course of negotiations on German contribution [2] that satisfactory agreement would lead to further removal of industrial controls.[3]

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[1] Repeated to Frankfurt and Paris.

When Reinstein pointed out inconsistency of indefinite British position regarding phase two with Brussels, Stevens said British delegate not yet in position to state precisely what limitations can be removed in phase two. However, British delegate does propose reach precise and definite agreement on this during present negotiations, since further review should be avoided and since such agreement necessary as satisfactory basis for HICOM negotiations with Germans. Stevens intimated that British will probably agree to elimination steel and shipbuilding capacity limits, but simply have not yet cleared this position within British Government.

Reinstein agreed study proposal since British had met second condition he had stated (Sigto 451 [4]) and agreed to first.

Gillet stated phase one relaxations too extensive, doubted phase two relaxations could be determined in advance of agreement on German contribution. He agreed transmit proposal to Paris but apparently had no hope it could be accepted.

Committee discussed white phosphorous and liquid oxygen. Consensus, subject to confirmation by French, that white phosphorous could be deleted from Schedule A when Schedule revised but that liquid oxygen should remain.[5]

Agreed letter should be written to MSB advising that word "acquire" in PLI agreement approved by governments specifically covers ship chartering.

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[2] For documentation on talks at Bonn between the Allied High Commission and representatives of the Federal Republic concerning West German contribution to the defense of Europe, see pp. 990 ff.

[3] The British proposal was circulated as IGG/P(51)20, dated February 19 (CFM files, lot M-88, box 196, IGG/P 1951 1-59).

[4] Dated February 16, p. 1360.

[5] On February 28 the U.S. Delegation reported that the French would not agree to the deletion of white phosphorus from Schedule A. Sigto 481, February 28, from London (396.1-ISG/2-2851).

396.1-ISG/2-2151 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

SECRET LONDON, February 21, 1951—5 p. m.

Sigto 460. USDel believes there is likelihood of requirements developing in NATO countries in period prior to agreement on German participation in defense, for various types equipment listed Schedule A which might be produced in Germany and which are not included among items we propose permit immediately for NATO countries. Problem particularly likely to arise in respect to components.

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[1] Repeated to Frankfurt and Paris.

British have proposed agreement that three governments shall consider permitting German production against any such needs of NATO or other approved countries and decide each case on *ad hoc* basis.

In view USDel, general guiding principle applicable to this problem should be avoidance of creating German armament industry unless and until Germans have agreed on participation in defense. On basis this principle believe production of arms and armaments generally should not be considered, however, we believe some provision should be made to permit manufacturer of component parts to extent policy of avoiding creation armament industry not vitiated.

How to accomplish this objective presents serious problem on which USDel would welcome advice. Answer may be formula to permit production of components which can be produced without special equipment or techniques, but with same equipment and techniques needed for production for civilian use. (French have proposed such formula to apply to components of Brussels list items after agreement reached on German participation.) However, such formula might prove difficult to administer and probably would require continuing advice military production experts to insure fulfillment of objectives.

There is similar problem re components of items forbidden at Brussels in period after German participation agreed.

USDel discussed these problems with Byroade whom we understood to agree creation armament industry in advance of participation should be avoided and therefore production arms generally should not be allowed, but that some provision for production components would be desirable provided it would not contribute to creation German armament industry in immediate future and would not endanger effective implementation basic prohibitions after German participation agreed.

Would appreciate further instruction.

396.1-ISG/2-2251 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, February 22, 1951—noon.

Sigto 466. UK and French introduced in steering committee February 19 following proposal re damage to UN property resulting from war-time discriminatory measures, such as damage due German enemy property custodians:

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[1] Repeated to Frankfurt and Paris.

(1) Principle of claim for compensation shall be included in general undertaking to be asked FedRep for restoration UN property, rights, and interests;
(2) Amount of compensation shall be determined by German administrative or judicial bodies or arbitral tribunal;
(3) No payment shall be made on such compensation prior peace treaty or definitive settlement war claims.

USDel took position that there was no point in requiring Germans to accept principle of compensation if we do not intend to ask them to pay anything. UK-French admitted their proposal would definitely establish principle that FedRep must eventually make some payment. They argued that compensation for damage certain UN properties is provided by general claims laws; that by requiring national treatment for UN nationals under proposed equalization of burdens legislation (which they feel we are committed to demand under Paris recommendation 5), claims for war damage to property owned by UN individuals would receive some measure of compensation except claims arising from losses due to war-time discriminatory measures applied to UN property; and thus there is gap which must be filled.

In absence earlier instructions (re Tosig 437, February 21 [2]), USDel expressed view that claims are waived by Paris reparation agreement (re Sigto 441, February 12, repeated Frankfort 811 [3]). He agreed consider, however, whether request should be made to Germans to extend definition of war losses subject to compensation under equalization of burdens legislation so as to include similar losses to property which were suffered as result of UN nationality. British made counter proposal to assimilate losses due to war-time discrimination against UN property to status of types of losses covered by general claims laws and require Germans to give equal treatment all such claims.

We feel general claims laws are not relevant and no attempt should be made to utilize them since they are aimed at special purpose not related to war claims.

It is possible we could reach agreement with UK on basis foregoing suggestions re equal of burdens (French may hold out for full compensation). However, we have neither text of present draft legislation nor other information to enable us to evaluate effect of suggestions on UN claims. If present draft legislation follows earlier drafts, we assume that in addition covering claims for losses to UN property, draft would have to be amended to eliminate residence requirements.

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[2] Not printed; it requested the U.S. Delegation to delay taking a position on the question of damage to UN property in Germany since the Department of State had not yet decided its position on the matter. (396.1-ISG/2-1251)

[3] Not printed.

Suggest HICOG urgently cable its opinion re feasibility foregoing suggestions and whether they would result in any significant benefits to UN nationals;[4] also that Department cable its views in light HICOG report by February 28, when matter will again be discussed in Steering Committee.[5] Unless HICOG reports affirmatively on both questions, we feel suggestions should be dropped and that we should hold to position we recommended in Sigto 411.

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[4] On February 17 HICOG responded that past experience had shown that negotiations with the West Germans on foreign interest problems would be smoother if Allied representatives had concrete examples of cases where rights or property had not been restored. (Telegram 6831, February 17, from Frankfurt, 396.1-ISG/2-1751)

[5] The Department of State's initial response on February 26 stated that no position had been established, but on March 5 it informed the U.S. Delegation that damage to UN property in Germany should be considered as a claim covered by Article IIA of the Paris Reparations Agreement. The Delegation was to oppose compensation for such claims and seek a final settlement on the basis of national treatment. Tosig 445 and Tosig 463 to London, February 26 and March 5, neither printed (396.1-ISG/2-2651 and 3-551).

396.1-ISG/2-2451 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

SECRET LONDON, February 24, 1951—5 p. m.

Sigto 470. PLI discussed by steering committee February 21 and 23. At first meeting committee discussed report by expert working party which had been requested to define items in schedule A which Germany may produce for NATO and other approved countries in period prior to agreement on German participation.[2] Report recommended (reference Tosig 424 [3]) granting permission to manufacture unarmed vehicles with armor up to 15 MM, which we understand little more than splinter protection. French representative Steering Committee rejected this proposal, which he said raised question of principle. He then retracted previous agreement to define what could be produecd after German participation in defense agreed, saying that this must be decided in light of what Germans agreed to contribute. It seemed obvious that French negotiators had, after having embarked on discussion, been pulled back by Paris.

Members of Steering Committee met informally on February 23 to review entire PLI negotiations. French representative said he had been unable to get authority to go beyond position stated by Massigli on January 31 (Sigto 424 [4]), i.e. that he was unable to discuss British proposal for two-phase relaxation reported in Sigto 458 (IGG/P(51) 20).[5] He was prepared to agree to certain relaxations, but they could only be transmitted to HICOM, to be put into effect at some undefined future time to be determined by HICOM. He said he could agree to something along lines of British list for phase 1, except for steel, bearings and synthetics. Re steel, he said French Government is prepared to remove limitation on production effectively as soon as there is satisfactory agreement on coal allocations. It might not be possible, owing to parliamentary considerations, to remove limit completely in form. However, effect could be achieved as practical matter by agreeing that all production in excess of 11.1 million tons would be regarded as production for defense. Limitations on steel capacity could be removed when investment provisions of Schuman plan did come into effect.

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[1] Repeated to Frankfurt and Paris.

[2] The report of the working party was circulated as IGG/P(51)21, dated February 21 (CFM files, lot M-88, box 196, IGG/P 1951 1-59).

[3] Not printed.

[4] Dated February 1, p. 1347.

US and UK representatives pressed for a statement as to what circumstances would justify HICOM in placing relaxations in effect. French representative admitted that, since French Government related relaxations to progress on defense discussions, this in effect means relaxations cannot be placed in effect until firm agreement on defense reached.

US and UK representatives challenged concept that revision of PLI should be regarded solely as concession to Germans and therefore used primarily as bargaining counter. UK representative said agreement on defense could not be reached for long time. During his recent visit to London Kirkpatrick had told FonOff it would not, in his judgment, be completed this year. It would be impossible to stop all progress in Germany while defense discussions were being carried on. NY and previous agreements on Germany had envisaged continuing development of relations with Germans, which was independent of question of defense contribution. UK is prepared to consider changes in list of items which it had proposed as subject of relaxations in phase 1, but believed that firm agreement must be reached on what should be done in both phases, including time at which first phase would be made effective.

US representative said he was prepared to seek agreement on basis of UK proposal making clear that in phase 2 (when German participation in defense agreed), all industrial restrictions except these flowing from Brussels list must be ended. He was prepared to agree that steel limitations should be retained until Schuman plan ratified by Germans. He would consider retaining capacity limitations until investment provisions of Schuman plan were effective (but not beyond agreement on defense), provided agreement could be reached to introduce real flexibility in these limitations pending their complete removal. It was essential effectively to remove limitations on new blast furnaces, which he pointed out would help to alleviate coke situation. He would also wish to have clear agreement that additional capacity would be permitted for seamless tubing and rolled products prior to effectiveness of investment provisions of Schuman plan.

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[5] Regarding IGG/P(51)20, see footnote 3, p. 1364.

In response to French statement United States was asking more than Germans, United States representative said Germans were asking for relaxations primarily for benefit of domestic economy and for domestic political reasons. Allies had larger interest and must avoid situation in which Germans used existence of controls as excuse for not producing goods needed by West.

US representative pointed out Foreign Ministers had publicly stated in September PLI would be reviewed. Delay in taking action up to now could perhaps be justified by failure of Germans to give undertakings specified in NY agreement. This matter will shortly be settled and action on PLI would then be expected. It would be impossible to defer all action until agreement reached on defense. While changes in German political situation are linked to agreement on defense, progress in development of economic relations could not be held up and was of interest to Allies themselves.

Alternates discussed French proposal that effort be made to agree on list of relaxations with issue of timing to be left to governments to resolve. US and UK representatives felt it would be impossible to proceed on this basis. It was agreed that in view of basic differences in approach on part of three governments, which related essentially to question of timing, no progress could be made in negotiations until this question resolved. Alternates agreed to report this conclusion to head of delegation and to ask for early plenary meeting (now scheduled for February 27).

Neither British nor French consider that any further progress in ISG is possible without high-level intervention in Paris. British propose that after position has been stated in heads of delegation meeting, representations should be made to Schuman by UK and US Ambassadors in Paris.[6]

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[6] At the plenary meeting on February 27, Stevens as chairman of the steering committee reported that some progress had been made on the PLI but that clear differences existed between the French on the one hand and the Americans and the British on the other. Massigli questioned the desirability of referring the problem to the governments and suggested instead that it would be preferable to reach agreement on the relaxations to be made. After some discussion the plenary agreed to instruct the alternates "to attempt to reach a maximum area of agreement on relaxations with understanding that each delegation would set forth its view as to when relaxation should in each case become effective." Sigto 477 from London, February 27 (396.1-ISG/2-2751).

396.1-ISG/2-2751 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

SECRET LONDON, February 27, 1951—11 p. m.

Sigto 474. At present rate of progress, we see no hope of completing work of ISG until late April. We had hoped to complete all old agenda items except debts by the end of February. Foreign interest and restitution can be wound up in another week or ten days. When PLI will be completed is uncertain. Discussions on debts are going more slowly than we had originally anticipated. It seems unlikely that stage one on debt discussions can be completed before the end of April.

Neither British nor French have displayed desire for speed on additional work resulting from Brussels agreement. British believe it would be desirable to have general discussion between the alternates and special committee of HICOM [2] before ISG takes up question of procedure referred to under last paragraph of Brussels agreement. British have asked Kirkpatrick to propose such a meeting in HICOM informally to US and French High Commissioners.

They suggested that meeting should be after list of subjects for study has been given to Germans and in any event not until March 6.

Two items (reparations and claims) recommended by HICOM for ISG study have not been approved by governments. Informal discussion with Sauvagnargues indicates French not prepared at this time to act on recommendation. They question whether any action should be taken on waiver of claims. While as reported separately, they have agreed to explore subject informally, they are not willing to have it go formally on ISG agenda.[3] In addition, they wish to defer action until proposed meeting of alternates with special committee of HICOM has taken place.

In view of foregoing, our target date for winding up of ISG agenda, bringing debt discussions to end of stage one, is end of April. We contemplate short recess at Easter of steering committee and possibly of claims committee. This would permit Reinstein and possibly one or two members of the delegation to return to Washington for consultation during week following Easter. Agreement on this schedule not yet reached with British and French.

Telegram follows on personnel questions involved in ISG discussions. Within next few days will telegraph on location and arrangements for subsequent discussion on debts.

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[1] Repeated to Frankfurt and Paris.

[2] For documentation on the work of the special committee of the Allied High Commission for Germany concerning the new contractual relations with the Federal Republic, see pp. 1446 ff.

[3] Sigto 467, not printed.

396.1-ISG/3-351 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

SECRET PRIORITY LONDON, March 3, 1951—4 p. m.

Sigto 489. At str committee meeting March 2, French stated that could agree to send agreement on PLI to HICOM to decide timing, i.e., they agree that whatever agreement is worked out now can be turned over to HICOM which will decide effective date in light of tactical considerations and without interference in, or objection by governments to decision. This represents major change from previous French position re timing which is that agreement should be given to HICOM for use as bargaining counter with Germans in connection with defense discussions and presumably not made effective until agreement reached with Germans on participation in defense.

French state two qualifications to their new position on timing:

(*a*) They are not willing make any change now in steel production limitation or steel capacity limitation generally, but they are prepared to enter into agreement on conditions under which these limitations may be abolished. These conditions not yet precisely stated, but would relate to satisfactory agreement on coke allocation or to some stage of implementation of Schuman Plan treaty, whichever earlier, in case of production limit, and to effective date of Schuman Plan treaty in case of capacity.

(*b*) They cannot make any agreement now on further relaxations in stage two, i.e., when agreement reached on German participation in defense.

In view of this change of French position re timing, we believe we are in position to conclude quickly interim agreement which could be made effective in very near future. Such agreement would definitely include (1) complete elimination of limitations re aluminum, ammonia, chlorine, styrene, and on size, speed, number and aggregate tonnage of merchant ships constructed in or acquired in Germany except passenger ships, (2) elimination of licensing requirement for list B machine tools, but requirement of reporting of production and stocks for reduced list of tools (3) revised control of electronic tube production under draft agreement of December with additional prohibitions (Tosig 455 March 2 [2]) and provision for review within four months and (4) instruction to HICOM on schedule A items which may be produced immediately for NATO countries. (5) Less restrictive implementation of remaining capacity limits along lines of proposal IGG/P (51) 20 (Sigto 482 March 1).[3] Would probably include some (we would hope all) following which are still under consideration:

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[1] Repeated to Frankfurt and Paris.

[2] Not printed.

[3] Not printed; regarding IGG/P(51)20, see footnote 3, p. 1364.

(1) Some modification of present restrictions on synthetic oil and rubber production and on rehabilitation and use of plants.

(2) Elimination of cranes, derricks and other lifting appliances and possibly key machine tools from list of controlled items shipbuilding capacity.

(3) Explicit permission for A. G. Weser Deschimag Yard to construct as well as repair ships.

(4) Specific authorization for return of Kugelfischer bearing manufacturer equipment allocated to Czechs and now held US Zone to German economy.

(5) Provision to permit review of agreement as soon as desirable in light of changing circumstances (further telegram this subject follows[4]). Prohibition magnesium production and capacity and limitation bearing capacity, except Kugelfischer equipment reference above, would remain in effect.

There would be no definite agreement re stage two, i.e., when agreement reached on German participation, the US and British probably would record views on this.

Agreement probably would not change present steel production limit as modified by September decision Foreign Ministers or steel capacity limit generally, though it would (*a*) eliminate centrifugal casting equipment from list of controlled items (*b*) eliminate special restriction applying to "Petersberg Protocol plants"[5] and (*c*) provide for less restrictive application capacity controls (see above). French have indicated willingness to enter into agreement on conditions under which steel production and capacity limits may be abolished, as indicated above. British have indicated they probably will agree to elimination steel capacity limit when agreement reached on German participation in defense though they have not yet secured clearance of this position within British Government. In presenting this problem within British Government they have addressed question of what happens when agreement reached on German participation in defense, but have not addressed problem of what happens when Schuman Plan made effective. British are reluctant to address this problem now, though they recognize possibility that Germans may ask French to secure agreement of all three occupation powers that steel controls will come off when plan made effective before they ratify treaty, and they are prepared to make provision to address problem when this question arises in any definite form or when treaty made effective. US position is that production limit should be eliminated not later than ratification Schuman Plan treaty by Germany and capacity limit should be eliminated when treaty ratified, but in both cases not later than agreement reached on German participation in defense.

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[4] Sigto 490, not printed (396.1-ISG/3-351).

[5] For the text of the Petersberg Protocol of November 22, 1949, see *Foreign Relations*, 1949, vol. III, p. 343.

In view of divergences these positions, especially of British from US and French, and uncertainty of future developments, we believe best we can do on steel limitations generally in any agreement reached now is to leave present situation intact (except for minor revisions capacity control indicated above), record positions of three governments and provide greatest possible flexibility in review provision of agreement. British position on steel particularly points up necessity of flexible review provision.

Gillet has returned Paris to consult French officials. We have asked him to get precise statement re French position on elimination steel controls and to seek authority for further relaxation French position, particularly re synthetics, details of shipbuilding capacity control, and passenger ships.[6]

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[6] On March 5 HICOG indicated that it was "reluctantly willing accept interim agreement in face obvious impossibility reaching more satisfactory solution this time. . . ." On the following day the Department of State also approved the proposal for an interim PLI agreement. (Telegrams 7146 from Frankfurt, March 5, and Tosig 466 to London, March 6, neither printed, 396.1–ISG 3–551)

396.1–ISG/3–451 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

SECRET PRIORITY LONDON, March 4, 1951—5 p. m.

Sigto 495. As suggested Sigto 489, March 3 (repeated Frankfort 909, Paris 1645[2]) believe there will be some kind of paper, in connection with revision PLI agreement, in which positions of governments re further relaxations PLI will be stated. We believe such paper extremely desirable. First, it will enable us get explicit statement from French of their position on steel. Second, it will provide means of expressing positions of US and Britain on further relaxations PLI in stage 2, i.e. when German participation in defense agreed.

We believe this second point is important. We have regarded an agreement on stage 2 as being significant not only in terms of clarifying the agreement reached at Brussels, but even more significantly enabling the occupying powers to give assurance to Germans in negotiations on contractual arrangements as to what position will be when agreement on defense has been reached. Discussions to date have resulted in bringing British, subject to final clearance within British Government to agreement with US position. Even though no agreement is now reached, formalizing US and UK positions in document will, we believe, be a valuable step toward dealing with issue again when it arises in discussions with Germans.

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[1] Repeated to Frankfurt and Paris.

[2] *Supra.*

It is not clear at this time what sort of document may emerge. However, we think it very likely that, in connection with seeking most precise possible statements of positions other powers re steel and re relaxations stage 2, we will be pressed for statement US position re steel. This, of course, would involve taking position, explicitly or tacitly, on relationship Schuman Plan and coke supply and allocation problem to removal steel capacity and production limits.

Re capacity US position (Tosig 411, February 9 [3]) is that limitations should be removed not later than time of German ratification Schuman Plan. French position not entirely clear. On basis Paris 1198, February 27 (repeated Department 5011, Frankfort 590)[4] we assume it will be that capacity limit should be abolished on effective date Schuman Plan treaty, which may differ somewhat from date of German ratification.

Re production, US position is same, that limitations should be removed not later than German ratification. French position re production somewhat imprecise but apparently is that limit may be removed when single market established or may be effectively removed (though not necessarily formally removed) when some sort of satisfactory agreement reached on coal allocations, if, as French seem to expect, this is in advance of ratification Schuman Plan treaty.

British have indicated willingness to accept French position that relaxation of steel production limit should be linked to satisfactory solution of coke problem. Restatement in paper referred to of US position in terms stated Tosig 411 would constitute implicit rejection of French position. This could give rise to misunderstanding re US support for equal access to Ruhr coal resources and might prejudice Schuman Plan negotiations. Up to now we have avoided stating a position on relation of steel production limit to coke problem, but doubt that we can avoid saying something about steel production limit in document referred to. As stated above failure to mention coke in US statement involves at least an implied position in view of French and British positions. Would appreciate guidance soonest on position we should take re statement of US position on steel production limit, which we anticipate may be required within next two days.

When French speak of ratification of Schuman Plan, they apparently have in mind formal ratification bringing it into force. US position relates, as we understand it, to German parliamentary action. Is there any objection to our using effective date of treaty in the statement of US position?

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[3] Not printed.

[4] Not printed; it reported that the French position was "that each type of control over German coal and steel industry should be abolished coincidentally with effective assumption by high authority of similar or competing control applicable to entire community." (862A.33/2–2651)

396.1-ISG/3-551 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

CONFIDENTIAL LONDON, March 5, 1951—10 p. m.

Sigto 499. This report on Claims Committee discussions in lieu of roundup cable for period February 19–March 2.

Claims Committee worked most of first week on developing coordinated position three governments on German debt undertakings, on which agreement reached in Steering Committee reported in Sigto 461 to 465.[2] Committee then returned to work on substantive principles of debt settlement.

In replacement US draft referred Sigto 457,[3] repeated Frankfort 851, UK submitted draft of report to governments outlining considerations leading to principles. Draft of principles to follow. In revising UK draft committee sharpened up following issues:

1. Role of three governments in debt negotiations. UK insists minimization government interference. Principles should be relied on to assure satisfactory outcome. However, UK objects three governments announcing precise principles to negotiating parties especially with regard to modification existing contracts or scaling down of claims. US insisted on precise principles and adequate possibility for three governments to steer course of negotiations. French favor UK position on general grounds but stressed principles should be useful and sided with US on some specific issues.
2. Interpretation of phrase "should not add appreciably to burden occupying powers" of NY principles. US draft speaks of nominal payments to be permitted while Germany receives aid. UK and French claim "modest" payments must be allowed in interest normalization and to assure acceptance of plan by creditors.
3. DM settlement. Committee agreed uses and releases of DM resulting from settlement must be controlled. UK claimed creditors must have unlimited right to collect DM for total claims and any individual payments falling due. UK and French insist plan must not permit creditors to collect marks for part payments whenever desired. Creditors must choose once for all whether he wants mark settlement or continues holding foreign currency claim. US also expressed opinion, tacitly agreed to by UK and France, that present voluntary settlement procedure could not continue at side of plan.

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[1] Repeated to Frankfurt and Paris.

[2] Sigto 461 not printed; Sigto 462–465, pp. 1423, 1424, 1427, and 1428.

[3] Not printed.

396.1-ISG/3-851 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

SECRET NIACT LONDON, March 8, 1951—noon.

Sigto 515. We are tabling today re paragraph 3 Tosig 466, March 6[2] for inclusion in covering report to governments following statement of US views on steel and position when agreement is reached on German participation in Defense. If Department has comments would appreciate receiving by Friday morning March 9:

USDel has joined in recommending the approval of the attached directive as an interim measure but notes that it had been the hope of the US Government that a more far-reaching and definite set of proposals could have been worked out. In approving the report, it desires to record the following views:

US Government attaches importance to early removal of all limitations on the German steel industry but is willing to defer action on this subject in order not to complicate the conclusion of Schuman Plan treaty.

It is the view of US Government that, aside from any other circumstances which may call for review of the agreement, once agreement has been reached on German participation in defense, far-reaching revisions of the controls over German industry will be required. Brussels agreement provides for certain safeguards, including the prohibition of the production of certain military items. Subject to these safeguards, it provides that German production should contribute to the greatest extent possible to the support of the German contribution in manpower, and to such other phases of the common defense as may be reasonable and within its capabilities. In the view of the US, the maintenance of any prohibitions or limitations on German industry, except the prohibitions specifically provided for in the Brussels agreement any additional prohibitions or controls necessary to give them effect, would be inconsistent with the policies laid down in the Brussels agreement. In the view of the US, these additional prohibitions or controls should include only the control of atomic energy, the prohibition of the production of civil aircraft, and possibly the prohibition of certain electronic tubes. The maintenance of other prohibitions and limitations would interfere with the objective of maximizing the German production contribution to defense outside the field of prohibited items.

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[1] Repeated to Frankfurt and Paris.

[2] Not printed: in this paragraph the Department of State told the U.S. Delegation that it believed it was desirable to have in the report on PLI statements by the three Governments on their attitude toward the elimination of steel limitations and the interpretation of the Brussels agreement. (396.1-ISG/3-551)

It is to be understood that the German productive effort will be coordinated with that of the NATO member countries and that appropriate arrangements will have to be made for this purpose.[3]

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[3] In a subsequent exchange of telegrams between the U.S. ISG Delegation and the Department of State, it was agreed that the U.S. position would not be recorded in the report to the Governments but would be sent in letters to the British and French Delegations. The Department of State approved in substance the text transmitted in Sigto 515 and the final draft was delivered on March 16. For the text of the final draft, see p. 1386. Sigto 524 from London, March 9, and Tosigs 472 and 485 to London, March 8 and 13, none printed (396.1–ISG/3–951, 3–851, and 3–1151).

396.1–ISG/3–851 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, March 8, 1951—10 p. m.

Sigto 520. Schedule of future work of ISG was discussed by Steering Committee on March 6, with particular reference to work on claims. The background of the discussion was that the Steering Committee contemplates completing PLI this week; [2] completing foreign interest and restitution during coming week, discussing waiver of claims and reparations during same week; going to Bonn for meeting special committee of HICOM and consultation with individual elements March 19 and 20. USDel proposed that prior to Easter, Claims Committee should complete survey of whole field of problems and that Steering Committee should review entire field. Steering Committee should recess from March 23 to April 3, at which time items remaining ISG agenda except debts would be taken up and if possible completed. The claims discussion should be recessed from March 23 to April 24. USDel proposed that beginning April 24, after having presumably completed other items of agenda, alternates should work full time on debts, utilizing if necessary several subcommittees (on financial problems, procedure, legal problems, etc.) in order to bring work to conclusion by May 15. May 15 target selected with a view to issuance of invitation at that time to stage two roundtable talks on German debts, for which at least one month's advanced notice believed necessary.

British opposed strongly to proposals on debts. They question feasibility completing work in period April 24–May 15. They felt more time would be required to complete discussions and time would be required to obtain governmental approval. They regard one month interval between issuance of invitation and beginning of conference as barest minimum and believe June 15 should be latest, not earliest date for beginning of stage two consultation. They assert that, if meeting not begun by mid-June, it will be impossible to begin conference until end of summer. This last point provoked lively discussion with USDel stating creditors should be eager to attend conference to discuss payments by Germany, UK and French stating prospects of payments were not sufficiently great to attract creditor representatives away from summer vacations.

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[1] Repeated to Frankfurt and Paris.

[2] In Sigto 505 from London, March 6, the U.S. Delegation had reported that the PLI negotiations were continuing "in almost constant session" and that progress was being made on both drafting and substantive agreements (396.1–ISG/3–651).

It was agreed to recess Steering Committee as proposed by US, but British, while agreeing that Claims Committee should also recess, refused to fix date for resumption of discussions. They admitted if US were unable to resume prior to April 24, this would have to be date. They were, however, most unhappy. They would also not agree to US proposal respecting organization of work upon resumption, stating they did not believe other items of the agenda could be disposed of by April 24, or that it would be feasible to split work on debt among various sub-committees.

USDel view is that it is essential at this stage to appoint and prepare US team for final part on stage one negotiations in ISG and to carry on in later stages. Furthermore, we do not believe that with limited staff we now have, or with one or two additional people who have no background on discussion, it is possible for us to carry negotiations in stage one to completion without extended period in Washington. Instructions we have are of general character and require considerable spelling out. This could be done by substantial trained staff here. In absence of such staff, work must be done in Washington jointly by USDel and Washington agencies representatives. Furthermore, we see no prospect of completing negotiations without our having fully thought out US position on postwar debts, which we believe will require some period of consultation in Washington.

We are inclined to agree with British that stage one can not be completed by May 15 if discussions not resumed until April 24. Consequently, if stage one not completed by May 15 stage two would have to begin somewhat later than June 15.

Would greatly appreciate views of department regarding our proposals. Believe it desirable to fix schedule at earliest possible date and make consequent decision for personnel. Immediately following this, telegram contains recommendations on this subject.

396.1-ISG/3-951 : Telegram

The Acting Secretary of State to the United States Delegation at the Intergovernmental Study Group on Germany, at London[1]

TOP SECRET PRIORITY WASHINGTON, March 9, 1951—3 p. m.

Tosig 473. Pass Spofford for info.

I. In considering problems raised Sigto 506 Mar 6 rptd Frankfort 931, Paris unnumbered,[2] we have found it useful to examine our conception of functions which NATO can and shld assume with respect to security in Ger. We are summarizing our tentative thinking for ur info (but not for use in discussions with Fr) because it is basis our specific conclusions with respect to an *ad hoc* procedure to deal with production of weapons, or components of weapons, in Ger in period before Gers agree to participate in Western Defense.

II. A. We do not believe NATO, whose main responsibility is to establish means of assuring defense of West, now or in foreseeable future will be designed or capable maintaining restrictions on Ger activity for security purposes. Nor do we see possibility that US or other members of NATO will be prepared give NATO sufficiently extensive set of responsibilities with respect to mil activity and production of mil equipment in all NATO countries to make it possible for it to administer restrictions on Ger which wld, or cld be said, to involve equal treatment for Ger and others.

B. It is conceivable that recommendations from NATO may ultimately result in Ger concentration on production certain types weapons and no provision for production other types weapons. Resulting imbalance in arms production might have certain security advantages as by-product. These decisions however wld be reached on basis of planning considerations related to efficiency and economy and quite distinct, we believe, from decisions on security grounds such as are incorporated in agreements reached at Brussels and in PLI. While we do not exclude NATO reconsideration of MC-30,[3] for example, we believe recommendations NATO makes with respect security policy in Ger shld in future be at about same general level as the Brussels decisions.

C. We believe in general that hard core limitations on Ger freedom of activity in mil and related fields shld be accomplished by contractual agreement with the Gers. To extent that others, if any, are temporarily maintained we believe they shld be excluded from contractual arrangements, maintained by Occupying Powers, and implemented through agencies of Occupying Powers, that is, HICOM and its successor.

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[1] Repeated to Frankfurt and Paris.

[2] Not printed; it reported that the British were continuing "to press for agreement to refer to governments for *ad hoc* decision NATO country orders, during period prior to agreement on German participation in defense, for production in Germany of Schedule A items other than those forbidden at Brussels and those HICOM will be instructed to authorize. . . ." (396.1-ISG/3-651)

[3] For documentation concerning the consideration of MC-30 at the NATO Council meeting at Brussels on December 18, 1950, see *Foreign Relations*, 1950, vol. III, pp. 517, 531, and 585.

III. In light of above we believe you shld not agree to the Br draft instrs to HICOM if they contain reference to development of procedure for screening in NATO. While we recognize that Fr may be so determined to incorporate concept of NATO screening and approval of mil prod in Ger that they will not agree to establishment of any procedure without it, we are prepared do without an agreed procedure for present if one cannot be obtained without reference to NATO.

IV. Subj to condition in III above, we agree it wld be most desirable to have a procedure such as Br suggest. Procedure shld provide that cases be brought up in HICOM for referral to Govts. We believe it might be best if provision was drafted to provide for HICOM action on instructions from Govts to permit speedy action in cases where no disagreement is likely.

We do not consider it necessary to limit cases which might be considered. Our view is in agreement with yours that we shld avoid creation of an armament industry in Ger before agreement is reached on Ger participation in Defense. We do not believe this objective need prevent production in Ger of urgently needed light weapons of some sorts and of mil equipment and components on a limited scale if we, Br and Fr, agree on specific cases.

V. In anticipation new PLI Agreement we will develop a procedure for preparation and presentation US requests for exceptional authorization production in Ger which coordinates views and action of DPB, and interested agencies Washington–HICOG.

Webb

Editorial Note

On March 9 the steering committee completed an agreed draft report to the Governments on prohibited and limited industries which consisted of a communication to the Allied High Commission for Germany including the text of an agreement on industrial controls and instructions for its administration. The Department of State approved the draft report on March 13 and at a plenary meeting on March 16 the heads of the United States, British, and French Delegations approved the report for their Governments. On the same day the heads of the Delegations briefed representatives from the Benelux countries on the content of the agreement and instructed the Chairman of the ISG to send a letter to the Chairman of the NATO Council of Deputies informing him of the substance of the agreement. The agreed report was then transmitted to the High Commissioners for Germany, who signed it on April 3 at Bonn–Petersberg and delivered a copy to Chancellor Adenauer.

The texts of the Agreement Concerning Industrial Controls, the covering letter to Chancellor Adenauer concerning the agreement, the instructions to the Allied High Commission concerning its administration, the letter to the Chairman of the NATO Council of Deputies, and the letter from the head of the United States Delegation to the British and French Delegations follow. Further documentation relating to these developments is in file 396.1–ISG.

762A.0221/4–1951

Paper Approved by the Intergovernmental Study Group on Germany[1]

SECRET [LONDON,] 14 March 1951.

IGG/P(51)56 Final

A. PROHIBITED ITEMS

In determining the exceptions which may be authorized to the prohibitions set down in Article II in respect of the items listed in Annex A to the Agreement, the High Commission should be guided by the following considerations:—

1. The Foreign Ministers in Brussels approved recommendations of the Military Committee of the North Atlantic Treaty Organisation to the effect that the manufacture of certain items shall not be permitted in Germany. Unless and until the Governments concerned decide otherwise, the High Commission shall not authorise the manufacture of any of these items nor of any specialised productive, testing or training equipment associated with the Development, production or use of these items. Materials, products, facilities and equipment relating to atomic energy shall continue to be subject to Allied High Commission legislation.

2. The High Commission may henceforward grant authorisations against bona fide orders from NATO countries, from the Occupying Forces or, with the approval of the three governments, from other countries, for the production or manufacture of items or component parts to which in the opinion of the Military Security Board there is no security objection, and which are amongst those in the following Groups of Annex A:

(*a*) Group I(*d*)
(*b*) Unarmed and unarmoured vehicles in Group II(*a*)
(*c*) Group III
(*d*) Group V(*b*)
(*e*) Group VII (*a*) and (*b*)

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[1] The source text was the third enclosure to the circular airgram referred to in footnote 1, p. 1395. Apparently these instructions were drafted by the steering committee on March 14 and approved by the plenary on March 16.

to the extent that these items can be produced without equipment specially designed for the manufacture of military items.

3. Unless agreement is reached on some other procedure, any bona fide orders from North Atlantic Treaty countries or other countries for items listed in Annex A, not subject to the provisions of paragraphs 1 and 2 above, shall be promptly referred to the three Governments for appropriate *ad hoc* decision as to whether the items in question may be produced in Germany. As soon as a German contribution to defence is agreed these arrangements shall be reviewed. Present practice with regard to the manufacture of prohibited items for approved domestic needs and export is not affected by these instructions.

4. White phospherous has been retained in Group VIII of Annex A on the understanding that the construction of capacity may be licensed and production permitted for legitimate peace-time purposes under existing High Commission legislation. The High Commission should ensure that applications to erect capacity which is not unreasonably out of proportion to estimated requirements are favourably considered and promptly dealt with.

B. Electronic Valves

The administration of Article IV of the Agreement shall be governed by the following:—

1. The list of permitted types of valves shall be revised by the High Commission as rapidly as possible and shall be kept current by addenda as required. A valve shall be considered eligible for inclusion in this list:—

> (*a*) if it has a rated anode dissipation of 50 watts or less, determined according to any recognised standard or method acceptable to the High Commission; and,
>
> (*b*) if at frequencies of 250 megacycles or higher; under commercial operational conditions, it does not have an output/input power ratio greater than 50 percent of its maximum rated output/input power ratio at ordinary frequencies.

2. Applications for licence to manufacture valves not included in either the permitted or the prohibited list shall be considered on their merits, due consideration being given to the peacetime uses for the valve as presented by the application. Licences will normally be granted against such applications unless there is reason to believe that the valves are to be used to fulfil an unauthorized military requirement.

3. As the provisions of Article IV of the Agreement involve a departure from the present methods of control of electronic valves, the High Commission should direct that a review of the provisions of this Article be undertaken within three months from the date when this Agreement becomes operative in Germany.

C. Control of Capacity

In maintaining control over capacity under Article V of the Agreement the High Commission shall be guided by the following instructions:—

1. *General instructions*

(*a*) The industrial capacities over which control is maintained in this Agreement shall not be increased except as may be agreed among Governments or as provided below.

(*b*) The three Governments desire that the application of paragraph (*a*) above should not hamper technological progress or the modernisation of production, and should permit wherever possible the reduction of costs and the decreased consumption of raw materials, power and fuel. To this end the High Commission should, in the absence of weighty security considerations to the contrary, permit the substitution of new or more efficient equipment, the rearrangement of machinery, the introduction of new processes and other technical changes even though, taking account of the disposal of capacity replaced they may involve a minor increase in the capacity of the factory or equipment in question.

(*c*) In applying the provisions of paragraph (*a*) above capacity shall be calculated in each case on the basis of the capacity the retention of which in Germany the Occupying Powers do not disapprove, to the exclusion of equipment available for reparations in accordance with the agreements entered into by the three Governments.

2. *Instructions on individual industries*

(*a*) *Steel*

The plant and equipment over which control is to be maintained in accordance with paragraph 1(*a*) above shall be:—

(i) Blast furnaces.
(ii) Converters and furnaces for the production of crude steel.
(iii) Equipment for the production of ferro alloys.
(iv) Equipment for the manufacture of seamless tubes of a size greater than 90 millimetres diameter.
(v) Plate mills over three metres wide and all rolling mills capable of rolling, on a two shift basis, more than 400,000 tons per annum.
(vi) Forging presses over 2,000 metric tons.

Henceforward the plants and equipment removed from the reparations list under the terms of paragraph VII(*b*) of the Petersberg Protocol of Agreements dated 22nd November, 1949, shall only be subject to the same controls as are applicable to other steel plants in Germany.

(*b*) *Electric arc and high frequency furnace steel*

The High Commission should study, as a matter of urgency, the limitation on electric arc and high frequency furnace steel capacity and should report to governments whether any changes should be made in the light of the needs of Western defence.

(*c*) *Shipbuilding*

(i) The equipment and facilities over which control is to be maintained in accordance with paragraph 1(*a*) above shall be:—

aa) Launching slipways.
bb) Quays and wharfs.
cc) Shipyard workshops, including essential equipment.

dd) Floating docks, floating dock pontoons and graving docks.
ee) Ship repairing slipways.

(ii) The prefabrication of hull sub-assemblies of vessels shall continue to be prohibited except in the shipyard in which such vessels are to be built or except pursuant to license issued by the Military Security Board. This provision shall not preclude the procurement from any source other than the shipyard in which the ship is to be built of stern frames, rudder posts and other equipment which may normally be obtained from any such source.

(iii) In defining the essential equipment of shipyard workshops referred to in (i) (*cc*) above, the Military Security Board should be instructed to draw up as short a list as possible covering only those items of equipment which, if installed, would be capable of leading to a substantial increase in the output of the workshop.

(iv) The A. G. Weser (Deschimag) Shipyard, Bremen, henceforward will be permitted to construct ships and will only be subject to the same restrictions as are applicable to other shipyards in Germany.

(*d*) *Synthetic rubber*

The High Commission may authorise the rehabilitation of plants, including the installation of new equipment, and the utilisation of new processes. However, as long as solid fuels are in short supply the High Commission may grant licences only to the extent that the additional consumption of coal and coke necessary for the production contemplated does not affect the satisfaction of the needs of the solid fuel importing countries.

(*e*) *Synthetic petrol, oil and lubricants, produced directly or indirectly from coal or brown coal*

As regards synthetic oil, additions to capacity of equipment primarily designed for manufacture of synthetic oil and the use of existing capacity shall be subject to licence. As long as solid fuels are in short supply the High Commission may grant licences only to the extent that the additional consumption of coal and coke necessary for the production contemplated does not affect the satisfaction of the needs of the solid fuel importing countries. However, the three Governments interpose no objection to the granting of the applications outstanding for the use of the Bergkamen, Viktor, Scholven and Ruhroel plants as soon as this Agreement is concluded.

D. Shipping

1. The High Commission may henceforward authorise the inclusion in merchant ships ordered by NATO countries, or, with the approval of the three Governments, by other countries, of defensive features, and necessary space and facilities therefore, which are otherwise prohibited under Article VII of the Agreement. These shall include but not be limited to the following:—

(i) Stiffening in readiness for the mounting of defensive armament.

(ii) Measures to reduce the vulnerability of the ship to underwater damage which would normally be experienced only in wartime (e.g. by the upward extension of bulkheads in the shelter deck type of ship).

(iii) Measures to protect key positions against damage which would normally be experienced only in wartime (e.g. protection of the bridge).

(iv) Provision for adequate clear space in the super-structure of the ship to allow for the operation of the armament.

(v) Auxiliary electrical generating machinery and equipment of capacity in excess of that normal to the type of ship.

(vi) Degaussing cable (M. coils).

E. MACHINE TOOLS

1. The prohibition on the manufacture except under licence of the machine tools listed in Annex B to the Agreement concerning Prohibited and Limited Industries of April, 1949, is not maintained in the present Agreement, but the High Commission's attention is drawn to the significance of these machines as war potential. A system of declaration of manufacture by the producer, in which the intended destination will be given, and of periodical reports on the quantities of such machines in Germany shall be set up, or if already in existence, maintained.

2. For this purpose, a list is attached showing the tools on which reports should be required.[2]

3. The attention of the High Commission is drawn to the desirability of continuing to use the services of the Military Security Board in connection with the effective control of the export of such machine tools to countries in the East.

4. As the new Agreement does not refer to machine tools, it is suggested that the High Commission may wish to make a public announcement concerning the reporting requirements.

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[2] Not printed.

396.1-ISG/3-1551 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, March 15, 1951—1 p. m.

6218. Dept has considered future US radio broadcast operations in Ger fol US position:

1. US will continue its broadcast operations at Munich (ARBIE) and Berlin (RIAS).

2. US will proceed negotiate contractual agreement with Fed Rep in which Fed Rep recognizes right of US to continue its broadcast and associated operations in Ger. This may be separate agreement or part of Cultural Convention. Willingness of US to negotiate contractual agreement in no way prejudices US determination to continue present position outlined in (1).

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[1] Repeated to London.

3. US position in ISG will be to return frequency authority to Fed Rep only if Fed Rep agrees to arrangements outlined in (2) and concurs use of frequencies by US required by operations outlined in (2).

4. US will be prepared offer Ger technical, material, and program assistance and will endeavor assist Ger in internatl negots in communications field. Offer of such assistance is possible bargaining point in negots under (6).

5. US will continue use sites Munich and Berlin and will proceed with arrangements for use of property.

6. US will negotiate, if advisable with Ger Radio Corporations, for relays of VOA Ger language programs.

7. US will continue AFN under security provisions of Civil Affairs agreement.

8. US will obtain, by agreement with Fed Rep, right for RFE to continue broadcasting.

Above position based on firm conviction of Dept that US is in a strong bargaining situation due to fact occupying powers are now returning to Ger substantial measure of sovereignty.

Detailed instrs for overall negots in line with above position to be drafted in Dept. Meantime representative IBD will travel Ger for consultation HICOG and assist preliminary talks attempt obtain voluntary agreements VOA relays interim period. Details trip follow.

ACHESON

762A.0221/4-1951

The United States Member on the Intergovernmental Study Group on Germany (Holmes) to the French Member on the Intergovernmental Study Group on Germany (Massigli)[1]

SECRET LONDON, March 16, 1951.

I wish to inform you that I am recommending to the United States Government that it approve in the shortest possible time the recommendations which the Intergovernmental Study Group on Germany has today agreed to submit to Governments on the revision of the Prohibited and Limited Industries Agreement. At the same time, I should like to make clear that the United States Delegation regards the recommendations as constituting only an interim measure and that it had been the hope of the United States Government that a more far-reaching and definitive set of proposals could have been worked out.

The draft agreement which we have recommended to Governments for approval provides the possibility of early review under certain conditions and in any event by the end of the year. It is the view of the

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[1] The source text was the fourth enclosure to the circular airgram referred to in footnote 1, p. 1395. Copies of this letter were handed to Massigli and Gainer following the plenary meeting on March 16.

United States Government that, aside from any other circumstances which may call for review of the Agreement, once agreement has been reached on German participation in defense, far-reaching revisions of the controls over German industry will be required. The Brussels agreement provides for certain safeguards, including the prohibition of the production of certain military items. Subject to these safeguards, it provides that German production should contribute to the greatest extent possible to the support of the German contribution in manpower, and to such other phases of the common defense as may be reasonable and within its capabilities. In the view of the United States Government, the maintenance of any prohibitions or limitations on German industry, except the prohibitions specifically provided for in the Brussels agreement and any additional prohibitions or controls necessary to give them effect, would be inconsistent with the policies laid down in the Brussels agreement. In the view of the United States Government these additional prohibitions or controls should include only the control of atomic energy, the prohibition of the production of civil aircraft, and possibly the prohibition of certain electronic tubes. The maintenance of other prohibitions and limitations would interfere with the objective of maximizing the German production contribution to defense outside the field of prohibited items.

Needless to say, the German productive effort will have to be coordinated with that of the member countries of the North Atlantic Treaty Organization, and appropriate arrangements will have to be made for this purpose.

I am addressing a similar letter to Sir Donald Gainer.

Sincerely yours, J. C. HOLMES

396.1-ISG/3-1851 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, March 18, 1951—3 p. m.

Sigto 559. Steering committee discussed on Thur,[2] report of claims committee on principles resettlement pre-war debts IGG/P(51)60.[3] Report reflected Fr acceptance of US position re scaling down of all claims and minimization of mark settlement, as well as certain UK concessions in same direction.

In steering committee UK del stated debts wld as practical matter, have to be scaled down but opposed any public statements by govts to this effect Reserving their position as to how and when action shld be taken, they were willing to envisage private statements to creditors during course of negots. UK also stated willingness to accept US-Fr proposals re limitations on mark settlement and termination at end stage 2 of present voluntary settlement procedures, on condition that existing requirement of 60 days notice to creditors wld be amended or dropped. UK explained their desire satisfy standstill creditors whose debtors have become fully solvent through currency reform US, Fr declared above Brit conditions and reservations not acceptable; consequently issues left unsolved. (Note: We are confident that with proper handling Brit will make further concessions, consequently did not attempt immed solution.)

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[1] Repeated to Frankfurt.

[2] March 15.

[3] Not printed.

There was inconclusive discussion on question what payments in foreign exchange Ger shld be permitted to make while receiving external aid. Claims committee will attempt drafting clause which wld take account of all relevant considerations. USDel stressed approach must be flexible and reserved position on fol:

(1) Decision on size of permissible payments cannot be made before govts know roughly size of burden resulting from plan;

(2) NY principle re effects on burden occupying powers must not be affected. Question how and when statements will be made re permissible payments in initial period was not resolved.

Claims committee will revise its report in several minor points, but not attempt rewriting language re scaling down and mark settlement. Report will be reconsidered after recess.

In view US-Fr opposition to liberalizing voluntary settlement procedure, no action will be taken for time being on HICOM paper FIN/P(51)8,[4] which was referred to ISG. Issue remains pending in ISG and no action shld be taken in HICOM. UK realized that its liberalization proposal is thus put on ice.

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[4] Not printed.

396.1–ISG/3–1851: Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, March 18, 1951—3 p. m.

Sigto 560. In steering committee meeting March 15, 1951, UK opened discussion on post-war governmental claims. UK thought Gers wld request scaling down of total claims and raised question of interest payments, mark and foreign exchange payments and timing of settlement.

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[1] Repeated to Frankfurt.

USDel stated scaling down necessary but no decision reached re amount. In accordance NY decisions payments in foreign exchange or payments of same effect wld have to be subordinated to prewar debt settlement but US has not yet developed precise idea how these payments shld be related. Mark payments for governmental needs, not resulting in burden on exchange position, wld have to be related to agreed governmental programs; purposes as well as safeguards to protect exchange position must be spelled out.

UK agreed some scaling down necessary but Brit position not yet decided. UK favors mark payments for interim period, with some flexibility and with scale related to governmental requirements of govts. After satisfactory solution of questions relating to occupation, defense and general econ situation, Gers shld pay in foreign currency. UK further stressed urgency of laying down in advance tripartite position on postwar claims in view expected inquiries from creditors and Gers, referring to existing priority of post-war claims over prewar debts. He considered necessary that position be communicated to creditors and Gers before stage 2, or at latest during stage 2.

US stressed need assure flexibility in view prospective changes governmental requirements and relations with Gers. Also pointed out flexibility re settlement governmental claims cld be assured easier than re private claims. Same considerations apply to problem of mark payments, which can be controlled more effectively in case governmental claims.

Fr referred to possibility debt payments might be related to occupation costs, in view Ger unwillingness to pay latter. Since Fr have no substantial post-war claims, settlement might increase their burden connected with occupation costs. US–UK pointed out NY decisions, which related debt settlement to burden occupying powers, refer also to post-war debts.

UK suggested negots with Gers shld not be initiated in Ger but rather Ger shld come to London or other place. US pointed out talks will necessarily be very complex, since Gers will bring up numerous objections against size of allied claim especially in connection with JEIA operations, pricing of export goods, timber exports from Fr zone, etc.

Question of post-war claims will be discussed after recess in steering committee, substantive questions will have to be deferred until claims committee reconvenes, but procedural questions might be taken up earlier.

396.1/3–2151 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET BONN, March 21, 1951—5 p. m.

653. AGSec from Slater. Following is brief summary report of mtg between HICOM special comit and ISG alternates (Reinstein, Stevens chairman, and Sauvagnargues) held Bonn–Petersberg 20 Mar 1951:

[Here follow paragraphs 1 and 2 which deal with contractual relations, printed page 1467.]

(3) *Economic and finance problems.*

(*a*) *PLI.*

Stevens reported signature by three heads of delegations in London on Friday of PLI report which is now awaiting governmental approval.

(*b*) *Restitution.*

Stevens stated ISG report on restitution was on verge of completion but subj to one disagreed point relating to internal restitution which wld have to be held over for later discussion.

(*c*) *Fon Interests.*

Stevens reported vast bulk of report had been completed but that one disagreed point concerning "compensation in lieu of restoration where restoration is impossible" wld have to be discussed after Easter recess.

(*d*) *Debt Settlement Plan.*

Stevens briefly outlined "four stages" and emphasized that problem wld have to be settled with Gers outside ordinary context negots for contractual arrangements.

(*e*) *Waiver of Claims.*

Mtg noted that agrmt has not yet even been reached on definition of prob of "waiver of claims."

(*f*) *Deconcentration.*

Leroy-Beaulieu, Fr econ adviser, emphasized that Allies must find way to ensure that Allied program of deconcentration will not be negated by Gers after occupying powers withdraw from Germany.

(4) *IAR.*

Mtg considered that question of future status of IAR cld be raised with govt as important subj for inter-governmental study. (However Fr afterwards indicated they did not consider that mtg had agreed recommendation to govts on this question.)

Mtg discussed, without reaching conclusion, question of association of Benelux with study of future status IAR and whether or not FedRep, as IAR member, shld also be associated with such study.

(5) Stevens reported status of all matters now being discussed within ISG and expressed hope that ISG wld conclude, except for debt settlement consideration which wld take many months, most in-

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[1] Repeated to London, Paris, and Frankfurt.

tensive phase of its labors by middle of May. He thought it was too early to say what wld happen to ISG after that date. [Slater.]

McCloy

396.1-ISG/3-2251: Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

SECRET London, March 22, 1951—8 p. m.

Sigto 571. Ref Tosig 409 Feb 9 rptd Frankfort 5500 [2] and Tosig 483 Mar 13 rptd Frankfort 6175.[3] We have reported separately in Sigto 560,[4] discussion on claims for postwar econ assistance in steering comite Mar 15. Subj did not come up for discussion earlier owing to preoccupation of str comite with PLI and fact that it was not pressed by USDel. Mar 1 memo referred to in Tosig 483 was only internal paper and does not represent considered views of USDel.

In our view, first point which requires settlement in terms of reaching US policy decision is relationship of these claims with def expenditures. We are inclined believe it wld be great mistake to attempt to secure payment of these claims as means of financing def expenditures or occ costs in Ger. Problem can be divided into two time periods. When Ger participation in def is agreed, it seems to us that arrangements respecting Ger shld be on same basis as that of NATO member countries. Burdens which Ger shld bear must be related to burdens borne by other countries participating in western def and shld be worked out on same principles as those applied in NATO burden-sharing exercise. It seems to us neces from polit viewpoint that Ger be on same footing as NATO member countries. Negots must be aimed at determining what is reasonable contribution for Ger to make. Relating payments to settlement of debts will obscure basic considerations involved, i.e., Ger contribution to def of her own territory in common with other west countries and place entire question on false basis. Furthermore, it will introduce an additional set of considerations which will make the negots more difficult and perhaps set an unfortunate precedent for negots with other countries.

We recognize that the sitn until Ger contribution to def as agreed presents a problem of somewhat different character. We understand from Tosig 483 that dollar problem envisaged in last para is not immed one. During this period, therefore, question seems to be whether to seek

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[1] Repeated to Frankfurt and Paris.

[2] Not printed, but see footnote 3, p. 1354.

[3] Not printed; in it the U.S. Delegation was asked to indicate the status of postwar economic claims in the ISG negotiations. (396.1-ISG/3-1351)

[4] Dated March 18, p. 1388.

DM payment on postwar claims to cover part of cost of support of US troops in Ger. It is our understanding that these costs will continue to be borne through occ costs and mandatory requirements until Ger agreement of def is reached. We wld suppose that other occ powers wld object strongly at this stage to shifting part of occ costs to some other basis. From US viewpoint, providing Allied requirements are within Ger ability to pay not much is likely to be gained by doing so. If requirements are in excess of Ger ability to pay, which seems unlikely in short run, Ger will not be able to increase her fin contribution by labeling additional payments as repayment of debt.

In any event, assuming agreement on Ger participation in def is reached within reasonable period of time, we believe it highly unlikely that any settlement of postwar claims cld be reached in time to provide significant amt of funds in interim period.

For these reasons we are opposed to making any direct relation between settlement of postwar claims and occ costs or def financing. This does not mean that effect of def expenditure upon Ger balance of payments position shld not be taken into acct in determining what kind of settlement shld be made on postwar claims, along with all other claims which must be dealt with under settlement plan. Payments on debts, whether prewar or postwar, and transfer of earnings from investments in Ger, cld in longer run provide invisible item which wld facilitate financing Ger exports of def arts to Eur countries and means of preventing excessive accumulation of dollars, if, as suggested in Tosig 483 thus becomes a problem.

As between prewar and postwar debt, we believe US interest lies in favoring former. This has been gone over at great length in past and we see no need to spell out reasons in this tel.

We do not believe Gers expect to be called upon to make any substantial payments on these postwar debts. If we press them it wld greatly complicate and perhaps even jeopardize possibility of working out settlement for prewar debts, which we regard as being important in normalizing Ger relations with other countries.

We believe there is much to be said for wiping out postwar claims completely. We think this wld be too extreme a position however. We cld not get Brit to agree to such a position and it wld undoubtedly create difficulties in our relations with other Eur countries. We can also see some advantage in having access to DM payments for US Govtl purposes other than def. We wld like to go as far as we cld in direction of wiping out these claims. Our tentative view is that they shld be cut down to something in order of 10 to 15 per cent of nominal claims.

We recognize there is problem of determining how to relate settlement of these claims to other debt negots and to other negots with Gers.

We believe value of using claims as bargaining counter in def financing negots has been exaggerated. As stated above, we have serious question whether Gers really expect us to demand substantial repayment. Value of claims seems to us to be primarily preferential creditor position which they give US in debt negots, i.e., potential veto of debt settlement. Attempt to use claims in def discussions wld tend to depreciate their value in debt discussions and may in end confuse both sets of negots. We do not mean to imply that drastic reduction of claims wld be without value. Such action wld be valuable in relation to securing Ger acceptance of debt settlement and other fin arrangements with Ger if they can all be brought into relationship with one another and concluded more or less simultaneously.

Problem of timing and handling of negots on postwar claims is subj we are anxious to discuss in detail during forthcoming consultations in Washington.

We are suggesting USDep comment on this msg and wld appreciate HICOM doing same.[5]

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[5] On March 28 and April 16, respectively, McCloy and Spofford transmitted their concurrences with the conclusions and supporting arguments advanced in this telegram. (Telegram 7770 from Frankfurt, March 28 and Sigto 600 from London, April 16, neither printed; 862A.10/3-2851 and 396.1-ISG/4-1651)

762A.0221/4-1951

The Chairman of the Intergovernmental Study Group on Germany (Gainer) to the Chairman of the NATO Council of Deputies (Spofford)[1]

SECRET [LONDON,] April 2, 1951.

In the communiqué on Germany published after their Conference in New York in September, 1950, the Foreign Ministers of France, the United Kingdom and the United States of America announced that they had agreed that a review of the Prohibited and Limited Industries Agreement should be undertaken in the light of the developing relationship with the Federal Republic. This review has been completed; and the three Governments have authorised their High Commissioners in Germany to sign on their behalf an Agreement concerning Industrial Controls which will replace the Prohibited and Limited Industries Agreement. My colleagues and I consider that it would be of interest to the Governments' members of the N.A.T.O. to receive in advance of signature, information upon the principal provisions of the new Agreement. I accordingly send you enclosed within this letter a statement of the changes in existing controls which will be effected.

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[1] The source text was transmitted as an enclosure to the circular airgram cited in footnote 1, *infra*.

2. The Agreement will be signed and come into force on the 3rd April; and the text will be published in the course of that day. I should be grateful if the information contained in the enclosed statement could be regarded as confidential until the text of the new Agreement has been published. The information contained in paragraph three of the statement, which is based upon instructions to the High Commission, should remain confidential after publication of the new Agreement.

Annex A

Statement Prepared by the Intergovernmental Study Group on Germany

SECRET [LONDON, April 2, 1951.]

In the course of their meeting in New York in September, 1950, the Foreign Ministers of France, the United Kingdom and the United States of America, agreed to instruct the Intergovernmental Study Group on Germany to examine the Agreement on Prohibited and Limited Industries of 1949 and to submit recommendations for its revision.

2. The Study Group duly completed its examination and submitted recommendations to the three Governments. The latter have approved these recommendations, and authorised their respective High Commissioners in Germany to sign on their behalf an Agreement concerning Industrial Controls, which will replace the Prohibited and Limited Industries Agreement. The effect of the new Agreement will be to modify in the following respects the restrictions at present in force in the French, United Kingdom, and United States Areas of Occupation in Germany:—

(*a*) The restrictions upon primary aluminum, synthetic ammonia, chlorine and styrene, the size, speed or tonnage of merchant ships built or otherwise acquired by Germany, and the machine tools listed in Annex B of the Prohibited and Limited Industries Agreement, will be removed.

(*b*) The limitations on the capacities of the steel, electric arc and high frequency furnace steel, ball and roller bearings, and shipbuilding industries will continue in effect, although there will be some modification in the details of control of these capacities.

(*c*) The limitation on the production of crude steel will be maintained at 11.1 million tons per annum, but the High Commission will authorise production outside this limitation where this will facilitate the defence effort, as at present.

(*d*) The prohibitions on the production of synthetic rubber and oil will be removed, but capacity will be limited. Rehabilitation and use of the synthetics plants will be permitted only to the extent that the additional consumption of coal and coke necessary for the production contemplated does not affect the satisfaction of the needs of the solid fuel importing countries.

(*e*) The existing control over the production of electronic valves will be modified.

3. *Confidential.* The three Governments have agreed that the production of war material will as at present continue to be prohibited, save under license of the High Commission, which may grant licenses for the manufacture in the Federal Republic for order of North Atlantic Treaty Organisation countries of certain materials of minor security significance, which are at present prohibited.

4. The three Governments have also agreed that the Agreement concerning Industrial Controls shall be reviewed at the request of any two Governments parties to the Agreement and in any event not later than 31st December, 1951. Except as may be subsequently agreed, prohibitions imposed by the Agreement shall remain in force until the peace settlement; and limitations until 1st January, 1953, or the peace settlement, whichever is the earlier.

762A.0221/4-1951

Agreement Between the High Commissioners of France, the United Kingdom, and the United States[1]

[IGG/P(51) 55 Final] [BONN-PETERSBERG, April 3, 1951.]

AGREEMENT CONCERNING INDUSTRIAL CONTROLS

The High Commissioners of France, the United Kingdom and the United States of America, duly authorised thereto by their respective Governments, hereby conclude on behalf of those Governments the following agreement concerning industrial controls in the French, United Kingdom, and United States Areas of Occupation in Germany.

ARTICLE I

1. The provisions of this Agreement shall be reviewed on the request of any two of the Governments parties to the Agreement and in any event not later than 31st December, 1951.

2. Except as may be subsequently agreed among the Governments parties to this Agreement, the prohibitions laid down in this Agreement shall remain in force until the peace settlement.

3. Except as may be subsequently agreed among the Governments parties to this Agreement, the limitations laid down in this Agreement shall remain in force until 1st January, 1953, or until the peace settlement, whichever is the earlier, and thereafter as may be agreed.

ARTICLE II

Except with the authorisation of the Allied High Commission the manufacture, production, installation, import, export, transport, storage, possession, ownership or use of any of the following articles or products is prohibited:

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[1] The source text was sent as an enclosure to a circular airgram to American diplomatic offices at NATO posts, dated April 19, not printed (762A.0221/4-1951).

(*a*) items listed in Annex A to this Agreement;
(*b*) primary magnesium.

ARTICLE III

Materials, products, facilities and equipment relating to atomic energy shall continue to be subject to Allied High Commission legislation.

ARTICLE IV

1. The manufacture of electronic valves shall be unrestricted in respect of types included in a list of permitted types as established, and modified as required, by the Allied High Commission. These permitted types shall not exceed 50 watts anode dissipation, or a frequency of 250 megacycles per second.

2. The manufacture of electronic valves included in the categories listed in Annex B to this Agreement is prohibited. This Annex is subject to review and revision by the Allied High Commission.

3. The manufacture of all other categories or specific types of electronic valves is prohibited except under licence from the Allied High Commission.

ARTICLE V

1. Control shall be maintained over capacity in the following industries:—

(*a*) Steel
(*b*) Electric arc and high frequency furnace steel
(*c*) Shipbuilding
(*d*) Synthetic rubber
(*e*) Synthetic petrol, oil and lubricants, produced directly or indirectly from coal or brown coal
(*f*) Ball and roller bearings, except equipment only capable of producing non-precision bearings.

2. No enterprise shall be permitted, except under license from the Allied High Commission, to increase the productive capacity of any of its plant or equipment that is engaged or partly engaged in the industries listed in this Article, or of the industry as a whole, whether it is proposed to effect the increase by extension of existing facilities, the construction of new facilities, or the addition of new equipment. Such licences shall not be granted unless the Allied High Commission are satisfied with the arrangements made for the disposal of the capacity replaced.

ARTICLE VI

1. Subject to the provisions of paragraph 2 of this Article the production of crude steel shall be limited to 11.1 million tons a year.

2. The Allied High Commission will allow crude steel to be produced outside the foregoing limitation where this will facilitate the defence effort.

ARTICLE VII

1. The construction and acquisition of ships which include the military features, characteristics and equipment listed in Annex C to this Agreement and the modification of ships to include such features, characteristics and equipment shall be prohibited except under licence from the Allied High Commission.

2. The term "acquisition" as used in this Article includes bare-boat chartering.

ARTICLE VIII

Nothing in this Agreement shall be interpreted as impairing or reducing the powers with which the Military Security Board is vested.

ARTICLE IX

This Agreement shall come into force from the date of signature and shall replace the Agreement concerning Prohibited and Limited Industries approved by the Foreign Ministers of France, the United Kingdom and the United States and signed by the Military Governors of the French, United Kingdom and United States Zones of Occupation in Germany in April, 1949.

ANNEX A

Group I

(*a*) All weapons including atomic means of warfare or apparatus of all calibres and natures capable of projecting lethal or destructive projectiles, liquids, gases or toxic substances, their carriages and mountings.

(*b*) All projectiles for the above and their means of projection or propulsion.

(*c*) All military means of destruction including but not limited to grenades, bombs, torpedoes, mines, depth mines, depth and demolition charges and self-propelled charges, all types of fuses therefor and all apparatus for the guiding, control and operation thereof including timing, sensing and homing devices.

(*d*) All military cutting or piercing weapons.

Group II

(*a*) All vehicles specially equipped or designed for military purposes including but not limited to tanks, armoured cars, tank-carrying trailers and armoured railway rolling stock.

(*b*) Armour of all types for military purposes.

Group III

(*a*) Instruments and devices of the following classes, designed for military purposes, irrespective of the form of energy or the part of the spectrum used:

(i) Range-finding apparatus of all kinds:
(ii) Aiming, guiding and computing devices for fire control;
(iii) Locating devices of all kinds;
(iv) Instruments for observation of fire;
(v) Instruments for the remote control of objects.

(*b*) All signalling and inter-communication equipment and installations specially designed for military purposes; all apparatus intended specifically for the purpose of producing radio interference.

Group IV

(*a*) Warships of all classes. All ships and floating equipment specially designed for war purposes including the servicing of warships. All ships designed or constructed for conversion into warships or for military use.

(*b*) Special machinery, equipment and installations which in time of peace are normally used solely in warships.

(*c*) Submersible craft of all kinds; submersible devices of all kinds, designed for military purposes. Special equipment pertaining to these craft and devices.

(*d*) All military landing devices.

(*e*) Material, equipment and installations for the military defence of coastal areas and harbours.

Group V

(*a*) Aircraft of all types, heavier or lighter than air; with or without means of propulsion, and all auxiliary equipment, including aircraft engines and component parts, accessories and spare parts specifically designed for aircraft use.

(*b*) Ground equipment and installations for servicing, testing or aiding the operation of aircraft, including but not limited to catapults, winches and beacons. Material for the rapid construction or preparation of airfields.

Group VI

All drawing, specifications, designs, models and reproduction directly relating to the development, manufacture, testing or inspection of the war material, or to experiments or research in connection with war material.

Group VII

(*a*) Machine tools or other manufacturing equipment specifically designed for the development, manufacture, testing and inspection of weapons, ammunition or other war materials listed in this Annex.

(*b*) Attachments, devices, tools or other objects having no normal peacetime use and specifically designed to convert or adapt machine tools or other manufacturing equipment to the development, manufacture, testing and inspection of weapons, ammunition or other war materials listed in this Annex.

Group VIII

(*a*) (i) Explosives and accessories.

(ii) Double base propellants (i.e. nitrocellulose propellants containing nitroglycerine, diethyleneglycol dinitrate or analogous substances).

(iii) Single base propellants for any weapons.

(iv) Nitroguanidine.

(v) Chemicals particularly useful as poison war gasses (including liquids and solids customarily included in this term).

(vi) Hydrogen peroxide of 37% concentration or higher.

(vii) Hydrazine hydrate.

(viii) Alkyl nitrates.

(ix) Other chemicals particularly useful as rocket fuels.

(x) Highly toxic products from bacteriological or plant sources, with the exception of those bacteriological and plant products which are used for therapeutic purposes.

(xi) White phosphorous.

(xii) Incendiaries and incendiary compositions, including but not limited to thermites and gell fuels.

(*b*) All special means for individual and collective defense used in peace exclusively by Armed Forces.

Group IX

All apparatus, devices and material specially designed for training and instructing personnel in the use, handling, manufacture and maintenance of war material.

Group X

Spare parts, accessories and component parts of the articles and products listed in this annex.

ANNEX B

Categories of Electronic Valves the Manufacture of which is Prohibited

(i) Velocity modulated valves, e.g. Klystrons.

(ii) Magnetrons.

(iii) Valves employing direct coupling of the electron stream to the output circuit.

(iv) Valves designed mechanically to fit wave guide, cavity, coaxial or parallel wire line resonant circuits or having such circuits built into the valves.

(v) Memory or storage valves.

(vi) Triggered spark-gap valves.

(vii) Subminiature valves (i.e. valves capable of being passed through a hole one-half inch in diameter, or specially designed to withstand great acceleration or the shock of departure of projectiles).

(viii) Cathode ray tubes, except those specifically designed and produced for television receiver purposes.

(ix) Germanium, silicon, and other semiconductor crystal rectifiers, or modifications thereof capable of operation at radio frequencies.

(x) Special purpose valves having no known commercial application or valves designed for optimum performance above 250 megacycles.

ANNEX C

Features, Characteristics and Equipment which may not be Constructed or Installed in any Ship except under License from the Allied High Commission

(*a*) Any special features or characteristics which render it readily convertible:—

(i) for amphibious assault operations;

(ii) to an aircraft carrier or for operating aircraft;

(iii) to a repair or depot ship for submarines, aircraft or coastal forces craft;

(iv) to a fighter direction vessel;

(v) to any other combatant or naval auxiliary type of vessel.

(*b*) Any of the following weapons, equipment and material:—

(i) all items listed in Annex A of this Agreement (except radio direction and position finders and radar equipment of normal commercial marine type);

(ii) paravanes;

(iii) minesweeping gear of any description;

(iv) catapults for aircraft launching;

(v) rocket or missile launching devices, except such as may be in normal commercial usage for emergency signalling and rescue purposes;

(vi) smoke-making equipment or apparatus of special devices for concealment purposes;

(vii) high concentration hydrogen peroxide or special submarine fuels or supplies;

(viii) depth sounding gear and radio and gyrocompass equipment which do not conform to normal commercial marine types.

(*c*) Any special fittings or special structures readily adaptable for mounting, carrying or storing any of the items listed in paragraph (*b*) above.

(*d*) Any of the following machinery or features of ship design, and provisions therefor, which in relation to the type of vessel in which they are installed, do not conform to normal commercial marine practice, or which in time of peace are normally used solely in warships, and which in the opinion of the Military Security Board also constitute a security threat:—

(i) main and auxiliary machinery, notably that with characteristics such as would give abnormally long range in miles at speeds other than service speed or that which would result in speed substantially greater than that normal to the type of vessel and for the services intended;
(ii) gas jet propulsion or atomic propulsion;
(iii) auxiliary electrical generating machinery and equipment of capacity in excess of that normal to the type of vessel;
(iv) cargo lifting gear in excess of that normal to the type of vessel;
(v) subdivision significantly different from that normal to type of vessel;
(vi) evaporators of capacity in excess of that normal to the type of vessel and for the services intended;
(vii) fuel and fresh water capacity in excess of that normal to the type of vessel and for the services intended;
(viii) hull and deck openings in excess of those normal to the type of vessel;
(ix) unobstructed deck space in excess of that normal to the type of vessel.

762A.0221/4-1951

The Chairman of the Allied High Commission for Germany (Kirkpatrick) to the Chancellor of the Federal Republic of Germany (Adenauer)[1]

[Bonn-Petersberg, April 3, 1951.]

I have the honor to inform Your Excellency that, following upon the decision taken by the three Foreign Ministers in September, 1950 to institute a review of the Prohibited and Limited Industries Agreement, my colleagues and I have today signed an Agreement on Industrial Controls. I enclose a copy of this document[2] which shall, as from today, replace the Agreement concluded between the three Military Governors in April, 1949.

2. You will observe that the new agreement, which is subject to review at the request of any two of the signatory Governments, and in any event, not later than December 31, 1951, relaxes a number of limitations hitherto imposed on industry in the Federal territory and will facilitate production in Germany of items and materials for common defense by the West.

3. By the terms of the Agreement, limitations and restrictions hitherto in force upon the size and speed or tonnage of merchant ships

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[1] The source text was sent as the second enclosure to the circular airgram referred to in footnote 1, p. 1395.

[2] *Supra.*

built or otherwise acquired by Germany, primary aluminum, synthetic ammonia, chlorine, styrene, and upon machine tools of types listed in annex "B" to the former Agreement are removed. In addition, the High Commission will be willing to authorize the production of crude steel outside the limit of 11.1 million tons per annum where such production will facilitate steel being provided for the common defense effort. The prohibition on the production of synthetic oil and rubber is removed, and restrictions upon the capacity of these and of the ball and roller bearing industries are now modified. Control is retained, but in modified form, over the production of electronic valves.

4. The three Governments do not desire to hamper technological progress or to prevent the modernization of production leading to the reduction of costs and economies in raw materials, power and fuel. Consequently, in those few industries where the limitation of capacity is maintained the High Commission will be prepared to authorize the substitution of more efficient equipment, the rearrangement of machinery and the introduction of new processes or other technical changes even though this may involve a minor increase in the capacity of the factory or the equipment in question.

5. In authorizing the rehabilitation of plants (including the installation of new equipment) and the utilization of new processes for the production of synthetic rubber and synthetic oil the High Commission will, as long as solid fuels are in short supply, grant licenses only to the extent that additional consumption of coal and coke necessary for the production contemplated does not affect the satisfaction of the needs of solid fuel importing countries. Nevertheless, applications outstanding for use of the plants at Bergkamen, Viktor, Scholven and Ruhroel will be granted forthwith.

6. Whilst the necessity for obtaining license to manufacture machine tools listed in schedule "B" of the old Prohibited and Limited Industries Agreement is not maintained, my colleagues and I require that a system of declaration of manufacture by the producer (indicating the intended destination of each machine) and of reporting on the quantities of such machines in Germany shall be put into operation.

7. The coming into force of the Agreement on Industrial Controls will entail certain amendments to High Commission Law 24 and to ordinances which your Government has issued in respect of the various items concerned. It is not intended that the coming into effect of the new Agreement shall await completion of all administrative processes involved in these amendments, and instructions have been issued to the Military Security Board to treat applications from industry in the spirit of the new Agreement pending the issue of the necessary amendments.

[IVONE KIRKPATRICK]

896.1-ISG/4-1551: Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, April 15, 1951—4 p. m.

Sigto 596. Roundup of ISG discussions. Discussions were resumed April 9 and substantial progress made during week.

1. First discussion took place by steering committee on procedures for dealing with contractual arrangements affecting interests of foreign-occupation powers (last para Brussels' directive) on basis of paper submitted by British del, IGG/P(51)74.[2] Discussion began with rehash of argument which took place at joint mtg in Bonn (ref Bonn 653, March 21, rptd London 178, Paris 190 [3]). French rep objected to making contractual arrangements in form of intergovernmental agreements and permitting other govts to adhere to them. US and UK reps stated that certain subjects cld only be dealt with by agmts having intergovtl character. Question was not merely one of the legal status of agreements in Germany but also in allied countries. They proposed that, in such cases, surrender of reserved power be included in separate instrument from substantive agreement dealing with subj matter. French rep accepted this concept. Comite then agreed on tentative identification of subjects involving interests of other countries and extent of interest, to be used as basis for further discussion of procedure for determination of countries concerned. Discussion to be resumed April 19.

2. Steering comite reviewed procedure for discussion of debt settlement and agreed revision wld be necessary in order to provide more adequate preparation for conference with Gers, other govts and creditor interests. Discussions are continuing. Meanwhile working party drew up plans for administrative arrangements.

3. Legal Comite submitted disagreed report on waiver of claims.[4] French rep continuing to object to waiver. Steering comite discussion resulted in some progress. It was agreed to exclude from discussion claims arising from the exercise of supreme auth, although US and UK reps reserved rights of their govts to obtain from FedRep general waiver of financial claims against their govts in connection with settlement postwar civilian supply debt. Alternative drafts are being prepared, in form of waiver by FedRep and HICOM law, on wartime private claims. Drafts also being prepared on waiver of wartime govt claims. Legal comite was instructed to consider further French asser-

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[1] Repeated to Frankfurt and Paris.

[2] Not printed.

[3] For the part of Bonn telegram 653 dealing with contractual relations, see p. 1467.

[4] IGG/P(51)77, dated April 12, not printed.

tion unconditional surrender and various postwar agreements can be used to bar claims arising since surrender which are not related to exercise supreme authority.

4. Steering comite had first discussion divesting of title law which it agreed must be considered in relation to disposition of Control Council Law 5. Discussion continuing.

5. Working party on reparation reported on the residual issues, other than those connected with safehaven program, in which governmental decision is required. Report not yet discussed by steering comite.

6. Outstanding points on restitution discussed and seemed on way to early final solution. British indicated they were not ready to discuss general claims law, which it was agreed to take up in connection with Israeli reparation claim.[5]

7. Discussion in steering comite indicated French and British not prepared at this time to accept US proposal return to Gers of Ger libraries in Italy. British proposed one last effort to settle problem quickly on basis compromise agreement reached in May 1950. If this proved impossible, alternatives then to be considered. Discussion continuing.[6]

8. French made statement in steering comite of French intention to call conf of signatories to Ruhr Agreement after signature Schuman Plan, indicating they plan send letter to Gers at time of signature, outlining proposals they would make to other signatories. Discussion was deferred pending receipt by signatories govts of letter.

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[5] On March 12 identic notes had been transmitted to the United States, the United Kingdom, and France by the Israeli Government asking for assistance in obtaining $1.5 billion in reparations from Germany. Copies of the Israeli note, the joint reply of July 5 by the three powers, stating that they were unable to obtain reparations from Germany on behalf of other states pending a final peace treaty, and documentation relating to its drafting are in files 262.84A41/, 396.1-ISG/, and 398.10-GDC.

[6] On May 16, 1950, representatives of the United States, the United Kingdom, and France, meeting in London, agreed that the disposal of the titles of the library of the former German Archaeological Institute, the Hertziana Library, the library of the former German Historical Institute, all at Rome, and the library of the former German Institute of the History of Art, at Florence, should be reserved for a final peace treaty with Germany. Pending final disposition a protocol was to be drawn up with the Italian Government providing for Italian administration of the libraries under lease to the International Union of Institutes. Further documentation on the disposition of the libraries is in files 662.65231 and 396.1-ISG.

396.1-ISG/4-2451 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, April 24, 1951—4 p. m.

Sigto 628. This tel will attempt report progress to date in area we had hoped to cover by general waiver of claims. As Dept is aware (Tosig 524, Apr 10, rptd Frankfort 6827 [2]) French unwillingness concede that FedRep has capacity to give general waiver has forced us to rely on piecemeal approach. As reported Sigto 596, Apr 15, rptd Frankfort 1107,[3] one result this new approach has been agreement to divide problem of possible German claims into two parts: those arising out of actions taken before June 5, 1945 and those arising since that date. In addition, we are dealing separately with private German claims and claims advanced by FedRep.

A. *Pre-1945 Private Claims*

Steering comite has approved fol formula:

> Without prejudice to terms final peace settlement with Germany, no claims of any description arising out of actions taken or authorized by govts [between September 1, 1939 and June 5, 1945 because of the] existence of a state of war in Europe shall be asserted in any manner by German nationals who owe allegiance to FedRep against those nations which at any time during that period were at war with Germany and which maintain relations with FedRep or against their nationals.

It has been agreed this rule could be established in two ways: (1) By undertaking from FedRep, or (2) by HICOM law which FedRep wld undertake maintain. US and UK have pressed for former method, partly on grounds doubts whether HICOM law can deal with claims outside scope of present reserved owners. Believe we have secured French concurrence to presenting second method in ISG report as less desirable alternative.

B. *Post-1945 Private Claims*

ISG will recommend that HICOM, in preparation for negotiating contractual arrangements, consider appropriate method for handling all potential claims of German individuals arising out of actions taken during occupation which will assure that claims that are not to be satisfied may not be asserted pending final peace settlement. (This will involve, e.g. review of ground now covered by HICOM Law 47 [4]). Re post-1945 claims arising out of actions taken outside Germany, we have assumed that discussions on divesting law will result in agreement on provision dealing with external assets and that this will cover most important category claims which may arise outside Germany.

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[1] Repeated to Frankfurt and Paris.

[2] Not printed.

[3] *Supra.*

[4] For the text of Allied High Commission Law No. 47, "Compensation for Occupation Damages," dated February 8, 1951, see *Laws, Regulations, Directives, and Decisions*, vol. II, pp. 273–277.

C. *Pre-1945 Governmental Claims*

French are prepared to agree to undertaking by FedRep to bar, pending peace treaty, governmental claims based on actions Allies prior June 5, 1945 provided wording consistent with proposition that FedRep does not have legal capacity assert such claims (since it is not successor to Reich). They are willing, e.g. to have formula in which FedRep "recognizes that, in absence of peace treaty, no governmental claims can be asserted, etc." We have argued that undertaking need not require FedRep to deny capacity to assert pre-1945 claims (which wld be politically impossible for FedRep to accept) and are attempting draft wording which will accomplish result without precipitating debate on successorship.

Even if satisfactory language can be found we have some doubts re need for undertaking. Attempt by FedRep to present a case in Hague Court seems both unlikely and without much chance success. Possibility of diplomatic pressure on smaller countries may make it desirable, however, press for some form of waiver. Wld be helpful if Dept cld reconsider and comment on this point.

396.1-ISG/4-2951: Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, April 29, 1951—7 p. m.

Sigto 646. Ref: Sigto 628, rptd Frankfort 1158, Paris 2101.[2] Steering Comite Apr 27 agreed draft report to govts[3] re possible Ger claims which we hope to clear May 3 after Br have cleared report with other Depts. It will not be submitted to govts until Benelux dels have been consulted May 8. Report follows gen lines reftel with some changes and additions as follows:

(*a*) Pre-1945 private claims, recommendation as reftel, but omitting "and which maintains relations with FedRep". Steering comite saw no reason exclude nations Sov bloc from provision re claims arising during period wartime alliance. Recommended that HICOM consider establishment rule as soon as possible by either method suggested reftel. Question HICOM reserved power re such claims left to HICOM.

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[1] Repeated to Frankfurt and Paris.

[2] *Supra.*

[3] IGG/P(51)91 (2d Revise), not printed. This report was a compromise between IGG/P(51)91, dated April 25, a British draft, and IGG/P(51)91 Revise, dated April 27, a U.S. draft, neither printed (CFM files, lot M-88, box 197).

(*b*) Pre-1945 govtal claims, agreed fol prov should be expressed in agrmt with FedRep: "Without prejudice to the terms of the final peace settlement with Ger, the FedRep recognizes that no govtal claims on behalf of Ger arising out of actions taken or authorized by govts between Sept 1, 1939, and June 5, 1945, because of the existence of a state of war in Europe shall be asserted prior to the negot of such final settlement." This seemed desirable as protection smaller nations against dipl pressure. Memo rec'd from Dutch re waiver of claims (will fwd Mon pouch), stresses this point.[4] USDel believes it may also have some value in possible future development towards broader claims settlement.

(*d*)[5] Post 1945 private claims, rep recommends that by HICOM legis or in connection contractual arrangements: (i) provision be made assure no challenge in Ger courts legal effect any action occup auths and their agents; (ii) enactment Arts 1 and 2 divesting law should bar all claims with respect ext assets prog and rep and rest removals; (iii) provision be made to assure FedRep satisfaction of those claims arising in Ger which shld be satisfied, analogous to existing prov for satisfaction certain claims through occup costs, steering comite notes possible commercial claims arising from activities occup auths in Ger trade, understands claims against JEIA will be provided for by HICOM in liquidation measures, suggests HICOM consider any possible claims arising commercial activities mil govs prior estab JEIA.

(*e*) Post-1945 govtal claims, report states, re actions in Ger under Sup Auth, no Ger govtal claims may be asserted and in any event FedRep not competent assert such claims. Legit intergovtal claims may have arisen since estab FedRep, but these shld not be mentioned here. Agreed that no provision shld be made for post-'45 intergovtal claims now or in connection contractual arrangements. This is subj on which Fr are most sensitive, and USDel feels conclusion satisfactory in light Fr agreement that it wld be appropriate for US make any bilateral provision it wished in connection scaling down postwar debt for econ assist.

2. Report does not mention Austria on assumption any special probs will be considered in connection gen prob Austria. In brief discussion, steering comite agreed some provisions may be necessary in contract to ensure Gers recognize US/UK/Fr power to fulfill our obligations with respect Aust without interference Gers.

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[4] IGG/P(51)92, dated April 25, not printed (CFM files, lot M-88, box 197).

[5] There is no paragraph *c* to this telegram.

396.1-ISG/4-3051 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, April 30, 1951—6 p. m.

Sigto 650. Round up of ISG discussions since Sigto 596 Apr 15.[2]

1. Debts. Agreement was reached on procedure for development Ger debt settlement. Procedure envisages estab tripartite Ger debt commission about May 15. Commission wld be responsible for necessary preparatory work for develop of settlement plan in consultation with other govts concerned and interested private groups. Commission wld consult creditor interests of three countries in London beginning Jun 25, with Fed Govt invited to participate in discussions beginning Jul 5. Govts of other main creditor countries wld be invited to send observers to this mtg, which wld be informal and exploratory in character. With benefit of these consultations and any views obtained from other sources, commission will make preparations for conf of all govts and private groups having significant interest in problem in London beginning late Sept. Gen announcement wld be made on May 15 concerning procedure and principles which three govts feel shld govern the settlement plan. Proposed procedure will be incorporated in report to be submitted to three govts during coming week.

2. Relationship of non-occupation powers to contractual arrangements with FedRep. Substantial progress was made in discussion of procedure for dealing with problems involving these powers. Informal working paper submitted by Brit del based on discussions, but incorporating some Brit proposals has been sent informally to BGA and Reber. Paper being further revised and report will be submitted by USDel after consultation with HICOG and Dept officers in London at beginning of week.

Meanwhile, Neth del has submitted note [3] (copies being pouched) indicating its interest in problem. Belg and Luxem dels have been invited to make similar statements, which will be discussed with Benelux dels May 8.

3. Waiver of claims. Agreement was reached on report to govts, subject to final clearance within UK Govt and views of Benelux dels which will be obtained May 8. Report contained in separate tel.[4]

4. Restitution. Agreement also reached on report except as to gen claims for compensation to victims of Nazi persecution. It was agreed to recommend this subj be considered by govts after proposals recd from FedRep in connection with surrender reserved power on DP's

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[1] Repeated to Frankfurt and Paris.

[2] *Ante*, p. 1403.

[3] IGG/P(51)93, dated April 25, not printed (CFM files, lot M-88, box 197).

[4] Sigto 646, *supra*.

and refugees. ISG also agreed on reply to note from Neth del expressing disagreement with draft report. Several changes were made in report in response to Neth views, but study group rejected Dutch claim to restitution of property indirectly looted as reparations claim which cld only be considered in peace settlement. Final report will be submitted to govts within week.[5]

5. Reparation.

(*a*) Str Comite completed survey of outstanding residual issues and concluded there were few govtl decisions required in connection with surrender reserved power except as to divesting of title law (together with related question of disposition of Acc law 5) and implementation in Ger of safehaven agreements. On latter point it was tentatively agreed, assuming Swiss accord is implemented, that only action needed was to obtain from FedRep gen undertaking to carry out Swiss accord arrangements and allied obligations under Swedish and Spanish agreements, including gen obligation to make compensation to former owners of assets (but not specific compensation plan).

(*b*) Divesting to title law. ISG agreed to recommend to HICOM immediate enactment of law divesting title to property removed as reparations or restitution. Discussion of law re Ger external assests continuing. Report in separate tel.[6]

(*c*) Israeli reparation claim. Agreement was reached on gen lines of reply to recent Israeli note to three govts. It was agreed claim cannot be considered now and must be taken up in connection with peace treaty. There was no agreement on time of reply, US urging that reply be deferred until more progress had been made in dealing with several other issues (notably question of gen claims referred to in para 4 above) in which the Israeli Govt has an interest.

6. Ger libraries in Italy. Agreement was reached on plan for interim admin of libraries by internatl union of cultural institutes in Rome. Ultimate ownership will be determined in peace settlement with way left open for return of libraries to Gers. Detailed documents for signature being drafted.

7. Agreement was reached on supplementary report re fon interests in Ger covering definition of UN natls and access to mixed arbitral tribunal. Report being drafted and will be submitted to govts within week.[7]

Study group hopes to complete by May 5, subject to consultation with Benelux, work on all subjs except debt settlements and possible divesting of title law. Remaining work on debt settlement includes preparations for creation of debt commission and subsequent confs with other interests. USDel is also proposing final report summarizing progress on substantive issues re debt discussed in ISG which will be remitted to debt commission.

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[5] The final report was circulated as IGG/P(51)89 Final, dated May 4. The Netherlands Delegation note of March 21 and the ISG reply of May 4 comprise Appendix II to IGG/P(51)89 Final (CFM files, lot M-88, box 197).

[6] Sigto 649, not printed (396.1-ISG/4-3051).

[7] The final report was circulated as IGG/P(51)103 Final, dated May 11 (CFM files, lot M-88, box 197).

Editorial Note

On May 18 the Intergovernmental Study Group on Germany (ISG) held its final plenary meeting and agreed on the texts of the various reports on restitution, reparations, contractual relations, and debt settlements. In a brief concluding report, IGG/P(51)116 Final, dated May 16, not printed (CFM files, lot M–88, box 197), the study group stated that it had considered the subjects listed in the Foreign Ministers directive of September 1950 and the Brussels directive of December 1950 and had prepared nine reports for the Governments on these topics, thus completing the discussion of all aspects of its agenda.

Following the plenary the ISG representatives met with the Benelux delegates, briefed them on the reports, and informed them of the conclusion of the study group's work.

B. REVISION OF THE OCCUPATION STATUTE FOR GERMANY AND THE CHARTER OF THE ALLIED HIGH COMMISSION

Editorial Note

At their meeting in New York in September 1950 the Foreign Ministers of France, the United Kingdom, and the United States issued instructions to the Allied High Commission for Germany, *inter alia*, to obtain assurances from the Federal Republic of Germany that it accepted responsibility for the prewar external debt of the German Reich and for postwar economic assistance and that it would cooperate with the Western powers in the equitable apportionment of materials for the common defense before the Instrument of Revision of the Occupation Statute was promulgated. At the same time the High Commission would continue its work on the revision of the Charter of the Allied High Commission for Germany, with the aim of achieving an Instrument of Revision that could be promulgated at the time that the revised Occupation Statute was issued.

To this end tripartite negotiations commenced in Bonn in the fall of 1950 for the revision of the Charter. The High Commission on October 23 despatched to the Federal Chancellor two letters (*Foreign Relations*, 1950, volume IV, pages 767 and 770) asking for the assurances requested by the Foreign Ministers and instructed the Economics Committee of the High Commission to meet with representatives of the Federal Republic to assist in the drafting of the replies.

An agreed assurance on the defense materials was arrived at by December 1950, but the draft debt assurance proved more difficult and the promulgation of the instruments of revisions for the Occupation Statute and the Charter was delayed pending agreement on the second assurance.

The documentation that follows presents materials on the formulation of the assurance on debts and the texts of the several documents concerned. For a study of the revision of the Occupation Statute, see Elmer Plischke, *Revision of the Occupation Statute for Germany*, Bonn, Office of the United States High Commissioner for Germany, 1952.

762A.0221/1-2551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET PRIORITY BONN, January 25, 1951—midnight.

481. Verbatim text. AGSec from Slater. Following is summary of executive session HICOM Council held Bonn–Petersberg 25 January 1951:

1. *Implementation of New York decisions.* (Reference Bonn sent Frankfort 543 pouched Department 24 January;[1] and Bonn sent Frankfort 544 pouched Department 24 January)[1].

Kirkpatrick gave résumé of private meeting held last night with Adenauer concerning FedRep's pre and postwar debt assurances. Adenauer, after citing difficulties he had been having with Bundestag foreign affairs committee, stated that as result of his most recent negotiations, he believed that if the following 4 conditions were met, he would be able to receive the necessary support of the Bundestag committee:

(*a*) HICOM agreement that FedRep would in fact be able to negotiate settlement plan with Allies rather than merely having plan imposed on them;

(*b*) HICOM agreement that FedRep would not be forced to accept a fixed figure with respect to postwar debts but rather would have an opportunity to negotiate in certain individual items;

(*c*) HICOM agreement that FedRep would not have to state in debt assurance that they "had assumed the pre and postwar debts" but rather could employ such language as "had a firm responsibility for pre and postwar debts";

(*d*) HICOM agreement that certain German properties abroad could be charged off against FedRep debt.

Kirkpatrick stated that although he would have to clear position with London, he personally would agree to first 3 conditions but rejected the 4th.[2] In defending this position he stressed that only a small portion of the debt would be paid in any event; that HICOM should be able to agree that FedRep could negotiate a settlement plan as it would be impossible to impose or enforce a plan in which they were not a party to the negotiations; that determination of amount of FedRep debt was not as important as striking a realistic figure which would not be larger than their ability to pay.

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[1] Not printed.

Finally, he stated Adenauer intends to submit to HICOM informally an outline of FedRep's position re debt assurance within 48 hours. This outline will be considered upon receipt by HICOM financial advisers who will submit recommendations for line to be taken at early meeting between Adenauer and Council. (Will cable text FedRep outline upon receipt.)

[Here follow numbered paragraphs 2 and 4 in which McCloy reported on the HICOM–Federal Republic discussions on German participation in Western defense and on negotiations concerning codetermination in German coal and steel companies. For the text of paragraph 3, see page 1458.]

[SLATER]
MCCLOY

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[2] In telegram 5413 to Frankfurt, February 6, McCloy was informed that the Department of State was inclined to agree with Kirkpatrick's position on the four German conditions. (London Embassy files, lot 59 F 59, 350 Germany)

962A.61/2–551 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL WASHINGTON, February 7, 1951—6 p. m.

5435. Frankfort's 6483, February 5.[2] Department much struck by German press reaction to Eisenhower's statement about German participation in European defense. General's attitude that German participation can wait and is not essential to progress now in defense field seems to have had very salutary result in causing many German papers to become alarmed lest Germany has over-played hand in hanging back while making broad demands for equality. We think this most healthy development.

Department considers this German reaction could be deepened with good effect by fresh initiative on our part as regards NY revision of Occupation Statute.[3] It has long been obvious that revised Occupation Statute falls far short of meeting German hopes and demands and that NY decisions have been overtaken by rush of events. Even if and when German commitment on debts is obtained and Occupation Statute promulgated we will probably receive nothing but complaints from Germans. German opinion will assume in spite of all explanations that we are only willing to make these "niggardly" concessions and expect to buy German defense therewith.

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[1] Repeated to London and Paris.

[2] Not printed; it reported that in the German press for February 5, the greatest amount of space had been devoted to General Eisenhower's various statements on Western defense. (962A.61/2–551)

[3] For the text of the report of the Intergovernmental Study Group on Germany to the Foreign Ministers at New York in September 1950, including recommendations for revision of the Occupation Statute, as approved by the Foreign Ministers, see *Foreign Relations*, 1950, vol. III, pp. 1248 ff.

Under circumstances Department considering advisability of suggesting that HICOM meet with Adenauer and representatives of Bundestag Committee dealing with debt commitment to discuss possibility that no useful purpose would be served by issuing NY revision of Occupation Statute, in view of long period which has elapsed since September and in view imminence of fresh discussions concerning more fundamental revision of relations. Could be pointed out that revised Occupation Statute was intended as moderate interim stage in liberalization of Occupation Regime and was not intended to meet situation resulting from discussion of German defense participation. Germans could be told that we consider it might be better, therefore, to drop matter and concentrate entirely on discussions on contractual relations. This move would appear to have certain advantages whatever German reaction might be. It might serve further to strengthen alarm aroused by Eisenhower's removal of emphasis from Germany and induce greater efforts to associate Germany with Western cause. It might in this way speed up both military and political discussions. If, on other hand, Germans really value some of advances made in revised Occupation Statute and would urge us to go through with original plans, we might then do so, having thereby forestalled any complaints about delays or inadequacies in revision.

Would appreciate early expression your views so that if you perceive no serious objection, Department might instruct Paris and London to urge this suggestion upon Foreign Offices with view to obtaining governmental agreement to change in NY decision along these lines. Paris and London please do not discuss with Foreign Office at this time, but give Department any estimate possible of French and British reaction if such suggestion were made.[4]

ACHESON

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[4] On February 12 Embassy Paris reported that the French Foreign Ministry probably shared this view, but "would in any event want NY decisions implemented before contractual arrangements contemplated in Brussels are concluded." Because of this attitude Embassy Paris felt there were disadvantages to the proposed course of action as far as the French were concerned. Telegram 4759, February 12 (762.0221/2-1251). Embassy London reported a similar feeling in the British Foreign Office, even though realizing that the revised occupation statute would fall far short of meeting German hopes. (Telegram 4511, February 19, 762A.0221/2-1951)

396.1-ISG/2-1051 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, February 10, 1951—2 p. m.

6641. Reference Bonn's 481 to Department January 25, repeated information Paris 130, London 130;[2] Bonn to Frankfort 564, January 30, pouched Department unnumbered, Paris unnumbered, London unnumbered;[3] Department to Frankfurt 5413, February 6, repeated London Tosig 398;[4] Department to Frankfurt 5435, February 7, repeated London 3694, Paris 4121;[5] and Bonn to Department 524, February 9, repeated London 138, Paris 141.[6]

Finance advisers had meeting February 8 with Blankenhorn and Dittmann concerning debt agreement undertakings. Discussed two letters on this subject which Chancellor intends addressing High Commissioners and which in present draft have been approved Bundestag committee. Text of two letters appended end this cable.

Letter number 1, in general, embodies view which financial advisers had expressed to Blankenhorn (hereinafter wherever in this cable Blankenhorn appears, intended refer to both him and Dittmann) in meeting February 3. Financial advisers so indicated at February 8 meeting with reservation (*a*) neither financial advisers nor High Commissioners authorized give final approval. Would therefore submit it to respective governments for such approval or comment; (*b*) entire question whether post-war debts are subject to negotiation must be settled at government level. Financial advisers agreed letter acceptable but did not so inform Blankenhorn.

With regard to letter number 2, financial advisers indicated to Blankenhorn that they had considerable doubt as to its acceptability by their respective governments. They made various suggestions to change its tenor and content but Blankenhorn indicated great doubt Bundestag committee would make any significant changes. In reply specific inquiry Blankenhorn indicated that chief purpose of second letter is not merely to emphasize that Federal Republic ability to pay under any settlement plan will be affected by loss of pre-war foreign assets but rather that Federal Republic wants to make clear now that when settlement plan discussed it has hopes of recovering such of seized foreign pre-war assets as have not already been liquidated. Blankenhorn further indicated that various countries, notably Brazil, have given signs of willingness to return certain assets of above stated category or possibly use them as offsets to claims against Federal Republic either by Brazil or Brazilians. This appears to us to raise far-reaching questions, specially whether beneficiaries under IARA are at liberty to dispose of such seized assets as they desire, including return to Federal Republic or whether they would have to account for or return them to IARA instead of untramelled return to Federal Republic. We are studying matter here but would appreciate your views.

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[1] Repeated to Bonn, Paris, and London.

[2] Extracts from telegram 481 are printed pp. 1411 and 1458.

[3] Not printed.

[4] Not printed, but see footnote 2 to telegram 481, January 25, p. 1412.

[5] *Supra.*

[6] *Post*, p. 1461.

On this point Brazil may have special views due to certain *ex gratia* payments which we understand UK has made to various UK creditors against Federal Republic out of sequestered German pre-war Brazilian assets.

Financial advisers suggested to Blankenhorn that they report financial advisers views to Bundestag committee and ascertain whether committee will either agree to withdrawal of second letter or changes reflecting said views. Financial advisers suggestion concerning withdrawal of letter predicated on consideration that Federal Republic can express its above noted views at beginning of any debt settlement negotiations; therefore unnecessary state them now.

Blankenhorn indicated Bundestag committee attaches great political significance to statement this point now so that German public does not gather impression that Federal Republic foreclosing all possibility of recovering any of assets in question.

Buttenwieser, who represented US in absence Cattier, gained impression that this stated reason is only part of real Federal Republic purpose. He thinks further aspect is Federal Republic's hope that letter might act as deterrent to various governments against further liquidation of seized assets, at least until this issue settled at debt settlement negotiations. Financial advisers final suggestion to Blankenhorn was to resubmit letters to Bundestag committee and then deliver final drafts to financial advisers who would submit them to governments for approval or comments. Only after all this accomplished would chancellor sign letter or letters thus avoiding delivery and probable publication of signed letters which might prove unacceptable to three governments. In latter connection financial advisers indicated to Blankenhorn that letter number 2, if finally submitted unchanged, might result in reply from governments of such tenor as to vitiate political advantage which Federal Government seeking to achieve through it. Blankenhorn indicated final draft text would be in hands of financial advisers by February 13.

Translation present text of draft letters on which February 8 discussion predicated follows:

Letter number 1.

In reply to your letter of 23 October 1950—AGSec (50)2539—[7] I have the honor inform you of following:

I. Federal Republic confirms herewith it will be responsible for external pre-war debts of German Reich, inclusive of liabilities of other bodies, later on to be declared liabilities of Reich, as well as for interest and other costs for bonds of Austrian Government, to extent to which such interest and costs have become due and payable after March 12, 1938 and before May 8, 1945. General situation of Federal Republic and in particular effect of territorial limitations of its authority and its solvency shall be borne in mind when ascertaining manner and extent to which Federal Republic shall fulfill these liabilities.

II. Federal Government recognizes in principle the debts which arose by reason of economic aid given Germany since May 8, 1945 provided the liability therefore has not already been recognized [or assumed responsibility?] its liability therefore pursuant to Article 133 of basic law. Federal Republic is ready grant priority to its obligations by reason economic aid before all other foreign claims against Germany or German Nationals.

Federal Government considers appropriate settle all questions in connection with recognition and settlement these debts in bilateral agreements with governments of countries participating in economic aid, in manner of agreement concluded December 15, 1949 with USA.[8]

It is of opinion that, in case difference opinion these agreements shall contain clause providing for arbitration. Federal Republic Government is ready bring negotiations for conclusion such agreements with governments concerned.

III. Governments US, UK, France and Government of Federal Republic Germany agree that it is in interests of re-establishment normal trade relations between Federal Republic and other countries, to work out payment plan soon as possible, which will provide for settlement public and private claims against Germany and German Nationals.

All interested governments, creditors as well as debtors, including Federal Republic, shall participate in working out this plan.

Payment plan shall, in particular, deal with claims, settlement of which would contribute to normalization economic and financial relations of Federal Government with other countries. It should therefore provide for possibility immediate settlement private commercial obligations.

Payment plan will take into account general economic situation Federal Republic, in particular increase of burdens and decrease economic substance which occurred since May 8, 1945. Total effect plan must not bring about undesirable results for German economy as far as equilibrium internal financial situation is concerned, nor put undue demands on present or future foreign exchange on hand in Germany. In addition thereto, it must not noticeably increase financial burden on any one of occupation powers.

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[7] For text see *Foreign Relations*, 1950, vol. IV, p. 767.

[8] For the text of the Economic Cooperation Agreement signed at Bonn on December 15, 1949, see Department of State Treaties and Other International Acts Series (TIAS) No. 2024 or 64 Stat. (pt. 3) B81.

Governments participating may obtain opinion experts on all questions arising from negotiations on payment plan and on ability to pay.

Result negotiations shall be laid down in agreements. It is agreed that this plan shall only be of provisional nature and shall be revised as soon as Germany has been reunited and final peace agreement will have become possible.

Letter number 2.

I have the honor of informing you of following:

By letter (number 1) I transmitted to Allied High Commission declaration made by Federal Government concerning German pre-war and post-war debts and on readiness Federal Republic participate in drawing up of general payments plan within framework international conference on debts.

Governments US, UK and France and the Federal Government agree that economic capacity of Federal Republic should be taken into consideration when drawing up payments plan. Federal Government is of opinion that problem German foreign assets has an immediate material relationship to settlement debts problem, as manner and extent debtors capacity pay substantially depend on this question. It will only be possible arrive at settlement which is also satisfactory for creditors, foreign assets will be taken into consideration in economically sound sense.

In this connection it may be pointed out that after World War One, Allied Governments in Hague convention January 20, 1930, declared that—in acknowledgement of fact Germany had accepted obligations of Young Plan for purpose providing for general settlement of effects of war—they were prepared in future no longer make use of their right to sequester, withhold and liquidate German rights, properties, and interests in their countries.

McCLOY

962A.61/2–1051 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, February 10, 1951—6 p. m.

6649. Re suggestion contained in Deptel 5435, February 8, repeated London 3694, Paris 4121,[2] as Department is aware considerable number German political leaders have expressed doubts as to wisdom of announcing revision of Occupation Statute at this time, pointing out that its concessions are so minor with relation to present plans for German defense contribution and contractual relations that promulgation now would have bad effect on public opinion. Nevertheless, abandonment at present time of New York decisions would not, in our opinion, be regarded by Germans as fresh initiative and would deepen sense of uncertainty as to US intentions. German opinion is already confused by variety of interpretations placed on Eisenhower statements and conflicting reports of Allied intentions which on balance have not proved helpful. This confusion would be further augmented by shift in tactics at this time.

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[1] Repeated to London and Paris.

[2] *Ante*, p. 1412.

Furthermore, implementation of New York decisions is linked in German opinion with debt assurances for which HICOM has been pressing. We feel it is important to continue to insist that Germans on their part realize they must accept obligations as well receive benefits. To drop the New York decisions at this late date, particularly in view of progress made in past two weeks re debt assurances, would, we fear, paralyze these negotiations and render eventual solution more difficult.

Furthermore, French insistence that we proceed with New York decisions before making progress on contractual relations raises great doubt proposal will be acceptable to Quai d' Orsay. British are likewise insistent that revision Occupation Statute be made effective before Brussels decisions can be implemented.

If announcement of revised statute is accompanied by declaration of intention to proceed with negotiations with Germans embracing wider field of defense contribution and contractual relations, it seems possible to avoid any sense of disillusionment on part of Germans or interpretation that this what we are giving for German defense.

Byroade concurs.[3]

McCLOY

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[3] Byroade was in Frankfurt for a meeting of Western European Ambassadors. For documentation on this meeting, see volume IV.

862A.10/2–1751 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET BONN, February 17, 1951—5 p. m.

549. AGSec from Slater. Following is verbatim text of draft debt assurance letter to HICOM from Adenauer received this date. (Note that second letter referred to in Frankfort sent to Department 6641 repeated information Paris 613, London 554, Bonn 210 February 10 [2] has been withdrawn and is not being forwarded to HICOM.) Adenauer in cover note stresses that draft text has been approved not only by Federal Republic Cabinet but also has unanimous approval

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[1] Repeated to London, Frankfurt, and Paris.
[2] *Ante*, p. 1414.

of Bundestag foreign affairs committee. He requests that this draft be forwarded to governments together with HICOM recommendation that it be accepted, and states that as soon as Allied Governments concur, he shall sign text and forward it to HICOM.

Here following verbatim text:

"In reply to your letter of 23 October 1950—AGSec (50)2339[3]—I have the honor to inform you as follows:

"I. The Federal Republic hereby confirms that it assumes responsibility for the pre-war external debt of the German Reich, including those debts of other corporate bodies subsequently to be declared liabilities of the Reich, as well as for interest payments and other charges on securities of the government of Austria to the extent that such payments and charges became due after 12 March 1938 and before 8 May 1945.

"In the determination of the manner in which and the extent to which the Federal Republic will fulfill this responsibility, account will be taken of the general situation of the Federal Republic including, in particular, the effects of the limitations on its territorial sovereignty and its capacity to pay.

"II. The Federal Government acknowledges hereby in principle the debt arising from the economic assistance furnished to Germany since 8 May 1945, to the extent to which responsibility for such debt has not previously been acknowledged in the agreement on economic cooperation concluded on 15 December 1949 between the USA and the Federal Republic, or for which the Federal Republic has not already assumed responsibility under Article 133 of the basic law. The Federal Government is ready to accord the obligations arising from the economic assistance priority over all other foreign claims against Germany or German nationals.

"The Federal Government regards it as appropriate to regulate any questions connected with the recognition and settlement of these debts by bilateral agreements with the governments of the countries which have rendered economic assistance, patterned on the agreement concluded with the USA on 15 December 1949. The Federal Government takes for granted that these agreements will contain an arbitration clause to deal with possible cases of dispute. The Federal Government is prepared at once to enter into negotiations for the conclusion of such agreements with the governments concerned.

"III. The governments of the USA, the UK and France and the government of the Federal Republic of Germany are agreed that it is in the interest of the re-establishment of normal economic relations between the Federal Republic and other countries to work out as soon as possible a settlement plan which will govern the settlement of public and private claims against Germany and German nationals.

"All interested governments, both creditors and debtors, including the Federal Republic, shall participate in working out this plan.

"The settlement plan should deal in particular with those claims the settlement of which would best achieve the objective of normalizing the economic and financial relations of the Federal Republic with other countries. It should therefore provide for the possibility of a direct settlement of private commercial debts.

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[3] For text, see *Foreign Relations*, 1950, vol. IV, p. 767.

"The settlement plan will take into account the general economic position of the Federal Republic, in particular the increase of its burdens and the reduction in its material wealth which have occurred since 8 May 1945. The general effect of this plan shall neither dislocate the German economy through undesirable effects on the internal financial situation nor unduly drain existing or potential German foreign-exchange resources. It shall also not add appreciably to the financial burden of any occupation power.

"The governments concerned may obtain expert opinions on all questions arising out of the negotiations on the settlement plan and on the capacity to pay.

"The result of the negotiations shall be set forth in agreements. It is agreed that the plan will be provisional in nature and subject to revision as soon as Germany is reunited and a final peace settlement becomes possible. Signed Adenauer."

[SLATER]
McCLOY

396.1–ISG/2–1851 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

SECRET PRIORITY LONDON, February 18, 1951—6 p. m.

Sigto 453. Text of letter on German debts contained in Bonn's 549, February 17 to Department, repeated London 142, Frankfort 655, Paris 148 [2] seems to us to go long distance toward meeting Allied requests. While it does not give us an explicit immediate recognition of postwar claims, it accepts principle of preferred status and, from US point of view, we think it is acceptable when taken in conjunction with explicit clauses in ECA bilateral. Clause re arbitration, which is now couched terms unilateral Federal Republic statement, is considerably less troublesome than earlier text.

We believe, however, that sentence on private commercial debts in third paragraph of part III is unacceptable and would be wholly inconsistent with concept of settlement plan which US has urged for many months and which was accepted by Ministers at New York. This sentence provides for preferential settlement of private commercial debts, fact which is emphasized by omission from letter of statement taken from New York agreement that settlement arrangements should assure fair and equitable treatment of interests affected. Preferred position of these claims is also emphasized by contrast between this provision and provisions on postwar claims. To accept it would mean complete surrender to pressures from New York and British and Swiss banks. Preference would work particularly to the benefit of British.

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[1] Repeated to Frankfurt and Paris.
[2] *Supra.*

We believe that we should make determined effort to eliminate this sentence completely from the draft, or failing that, to reword it in such a way as to deprive it of effect. Latter could be done, for example, by providing merely that consideration shall be given to the problems of private commercial creditors and debtors.

Aside from this point, we believe that text of letter is acceptable. We agree there are several points which require clarification, but feel that these should be handled by way of interpretation. Interpretations could be contained either in an agreed memorandum of understanding with Germany, or letter from HICOM or in statement to Germany, copy of which could be given them for the record. Points we believe should be so dealt with are those raised in paragraphs (1) and (3) Deptel 5575, February 13 to Frankfort repeated London Tosig 418, Paris 426.[3] We do not think that point in paragraph 2 of reftel is sufficiently serious to be worth raising. We are far more concerned with possibility that Germany will seek arbitration regarding amount and terms of payment. This seems to us to be quite unworkable, but we think that least said about subject at this state the better. Since German statement re arbitration is unilateral it does not bind us to accept arbitration clause, but merely to consider it. We should be prepared to consider arbitration on any matter with respect to which it is appropriate, but should be free to argue later as to what is appropriate.

British propose coordination of government position on letter be through ISG. We believe French will probably accept this proposal. Please advise urgently Department's view. If you desire discussion in ISG, request instruction on points listed above.

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[3] Not printed; it stated that the Department of State was prepared to accept the draft letter but was concerned about the following ambiguities:

"1) Provisions in II re recognition and settlement post-war econ assistance debts do not carry implication that those debts must be handled outside context of settlement in III.

2) Provision in II for arbitration does not mean present ECA bilateral must be revised to include such provision or that arbitration clause will be included in any agreement covering future econ assistance.

3) Participation of all interested countries provided in III in practice must be qualified in some manner re Soviet orbit nations. In same paragraph statement all interested countries 'shall participate' shld be phrased 'shall have the right to participate' or similar phrase. There is the further point that govt participation does not necessarily exclude participation by representatives of the private debtors and creditors.

4) Statement in III that plan shld provide for possibility immed settlement of private commercial obligations does not imply any requirement of immed discharge of such obligations in fon exchange." (396.1–ISG/2–1051)

396.1-ISG/2-2151 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

SECRET NIACT LONDON, February 21, 1951—noon.

Sigto 456. To be delivered to Richard Kearney GEA at 9 : 30 a. m. Re Tosig 429, February 25 [*18*], repeated Frankfort 5723, Paris 5384,[2] discussion with British and French has resulted in agreement to propose following changes in letter of debt acknowledgment:

1. Elimination of sentence on private commercial debt in third paragraph part III. There was a discussion of possible alternative drafts but it was felt less time consuming to eliminate than to negotiate changes. Proper therefore to tell Germany that three governments could not prior to initiation of negotiations agree to statement that certain of their citizens holding particular classes of debts would receive preferential treatment over others. With elimination this sentence, believe can keep preceding sentence unchanged since it would merely state desire to provide normalization without singling out any particular class of debt.
2. Examination of German text indicates second sentence of second paragraph of part III would assure participation for debtor and creditor governments only and not for private interests. It was suggested slight drafting changes would cover representation private interests and also remove implication satellite governments must be brought in. Believe Germans will agree readily.
3. Elimination of phrase "which have occurred since 8 May 1945" in fourth paragraph part III. Appreciate language inserted by Germans probably intended to cover refugee problem and loss of external assets. However, clear implication of sentence is that Western Germany has been impoverished under allied administration. Aside from fact implication is highly objectional politically, believe statement would give wonderful opportunity for Communist propaganda.

USDel pressing for urgent action and has succeeded in persuading British and French to drop number of points on which they proposed changing draft of German letter. Hope recommendations can be completed Thursday February 22.

Reinstein telephoning Kearney, February 21, 10 a.m., Washington time re paragraph 4 Tosig 429.[3]

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[1] Repeated to Frankfurt and Paris.

[2] Not printed; it reported that the Department of State agreed that the governmental position on German debt assumption should be coordinated in the ISG. (396.1-ISG/2-1851)

[3] No memorandum of this telephone conversation has been found in Department of State files.

396.1-ISG/2-2251 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

CONFIDENTIAL LONDON, February 22, 1951—midnight.

Sigto 462. Draft of an instruction from the three governments to their High Commissioners.

We have considered the draft statement about German indebtedness put forward by Dr. Adenauer [2] and have certain comments to make on it. We recognize that it is most important to reply to Dr. Adenauer as quickly as possible and that we should avoid so far as we can suggestion amendments to the draft text which will oblige the Federal Chancellor to reopen discussions with the Bundestag committee and risk the raising of new points by the Germans which would entail further delay. Although there are number of points in the German draft which we do not regard as entirely satisfactory we have kept to minimum the number of amendments.

2. The three governments are willing to accept the German letter subject to three changes which involve points of substance on which we believe it should not be difficult to get German agreement and subject to there being included in the Allied reply a clarification of certain implications in the German letter which are unacceptable.

3. The points on which the text of the German letter must be changed are as follows (the references are to the paragraphs in our comments on the German draft—see Sigto 463 [3]) :

Reference to participation of debtors and creditors in the settlement (paragraph *f*).
Reference to commercial debts. (Paragraph *g*(i)).
Reference to losses since May 8, 1945 date (paragraph *h*(i)).

4. The points on which clarification will be included in the Allied letter are:

Status of post war trade debts (paragraph *c*).
Concept of overall rather than bilateral settlement (paragraph *d*(i) and *j*).
Arbitration (paragraph *d*(ii)).

5. There is also the omission of any expression of a desire to pay (paragraph *k*).

6. Certain points of translation are also noted (see paragraphs *b*(ii), *g*(ii), *h*(ii)).

7. It is proposed that the German letter should be sent to the Allied High Commissioners by the Federal Chancellor in reply to the letter

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[1] Repeated to Frankfurt and Paris.
[2] Text transmitted in telegram 549, February 17, p. 1418.
[3] *Infra.*

of the Allied High Commission of 23 October.[4] Despite the length of time that has elapsed we think that it would, nevertheless, be valuable for the letter of 23 October to be published, but that the words in the last paragraph: "in the terms of the annex attached to this letter" and the annex itself should be suppressed. We assume this will be possible to arrange. Subject to these amendments the letter of 23 October would stand.

8. There should emerge from the correspondence an agreement on debts between the Federal Republic and the three governments. This agreement would result from the Chancellor's letter and the reply of the Allied High Commissioners. The High Commission letter of 23 October would serve as a record of the views of the three governments but would not be part of the agreement.

9. To achieve the agreement in proper form between the Federal Republic and the three governments represented by their respective High Commissioners the following action is needed:

(*a*) Certain minor drafting changes should be made in the German letter, see paragraphs *b* (i) and (*e*);

(*b*) The Allied reply should confirm the German understanding in regard to paragraph 2 of Article I of the German text and the whole of Article III;

(*c*) The Allied reply should state that the Chancellor's letter and the Allied reply place on record an agreement on debts between the governments;

(*d*) The Allied letters should be signed by each of the three High Commissioners on behalf of his government;

(*e*) Each of the letters constituting the agreement should be prepared in the three languages and each version shall be equally authentic. They should all bear the same date.

10. Our comments on the German draft and a draft of a reply to be sent when the revised German text is received follow. (See Sigto 463 and 464.[5])

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[4] For text, see *Foreign Relations*, 1950, vol. IV, p. 767.
[5] *Infra.*

396.1-ISG/2-2251: Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

CONFIDENTIAL LONDON, February 22, 1951—midnight.

Sigto 463. Comments on draft German letter on debts[2] for guidance of the Allied High Commission.

(*a*) Introductory paragraph of German letter, see paragraph (*k*).

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[1] Repeated to Frankfurt.
[2] Transmitted in telegram 549, February 17, p. 1418.

(*b*) Article 1 paragraph 2,

(i) This statement does not indicate who is making it. It is suggested that it ought to be introduced by the words: "The Federal Government understands that . . .". This understanding would be confirmed in the allied reply.

(ii) Point of translation. Herrschaftsgewalt should be translated "jurisdiction" in the English text and by "competence" in the French text, as in the Allied draft.

(*c*) Article II paragraph 1.

The last sentence gives the postwar claims for economic assistance an even greater degree of priority than was provided by the original text which excluded "foreign-held claims arising out of trade subsequent to May 8, 1945, essential to the economic recovery of the FedRep." If the priority is left unqualified in this way the settlement of every claim arising out of postwar trade might be barred until the allied governments had specifically waived their priority in regard to it and relationship with EPU might be complicated. We consider that the situation can best be met by a statement in the reply from the HICOM to the effect that the Allied Governments do not propose to exercise their priority in such a way as to hinder settlement of postwar trade claims.

(*d*) Article II paragraph 2.

(i) We agree that settlement of postwar claims will have to be embodied in bilateral intergovernmental agreement. It is essential, however, that the Federal Government should understand that there is no intention of settling these claims on Germany except as part of an overall settlement of all types of claims on a basis agreed with them by the three powers. It is necessary that the Allied HICOM should leave Federal Government in no doubt in this respect, and we have concluded a statement to this effect in the draft reply to the Chancellor.[3]

(ii) We do not think that arbitration would be an appropriate method of settling points which must in the nature of things be settled by negotiation but we do not want to enter into argument with Germans on this subject now. We have therefore included in our reply a form of words which leaves the position completely open.

(*e*) Article III should be introduced by the statement "the Federal Government understands that there is agreement between them and the Governments of USA, UK and France on the following", which would take the place of the first three lines down to "agreed that".

(*f*) Article III paragraph 2.

It appears from this text that the Federal Government is thinking of the negotiation of settlement arrangements between governments only. This is not our intention, although we agree with what we take to be the German view that the result should be embodied in one or more intergovernmental agreements. It is essential that representatives of the private creditor groups and also debtors other than the Federal Government should take part in working out the over-all settlement arrangements in order that these arrangements should be acceptable to them, and so contribute to our aim of normalization. We cannot believe that the Germans wish to exclude the representatives of creditors and private debtors from negotiating settlement arrangements or that they would make difficulty about the slight amendment to this paragraph which is required. Secondly we do not wish to commit ourselves to having all interested governments including, e.g. the Iron Curtain countries, present at the negotiation of the settlement arrangements. We suggest that our aim can be achieved most easily by the deletion in the English text of the words "all" and "both". The German text would similarly have to make clear that creditor and debtor representatives would participate.

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[3] Transmitted in Sigto 464, *infra*.

(*g*) Article III paragraph 3.

(i) This paragraph, read as a whole, suggests that special priority should be given to one class of creditor only. There is no question of excluding the settlement of private commercial debts, but to draw particular attention to them is bound to create a very bad impression among other creditor groups who have a right to participate in the settlement. The three governments could not subscribe to an agreement by which they singled out one group of their nationals for preferential treatment. A false impression would be particularly liable to arise since the Federal Government has deleted the reference to the fair and equitable treatment of all interested parties, which appeared in the original draft. In order to eliminate this impression, the second sentence of the paragraph should be deleted.

(ii) It would be desirable if, in the first sentence of the German text "insbesondere" were substituted for "besonders". In any case the French word should be "notamment" instead of "specialement". In the English translation this sentence should read: "the settlement plan shall, in particular, deal with those claims the settlement of which would achieve . . .". The word "best" has been deleted, because, although it appeared in the original Allied draft and in your English translation of the German text, it has been omitted from the German text itself.

(*h*) Article III paragraph 4.

(i) We recognize that to suggest a drastic alteration of the first sentence would be to risk the reopening of the question of external assets. We cannot, however, possibly accept the implication (which would be a gift to Moscow) that the economic wealth of the FedRep has been reduced since May 8, 1945, with its suggestion that the Allied occupation has improverished the country. Therefore the words "which have occurred since May 8, 1945", should be removed. In fact, the main reductions in wealth occurred before this, so that the deletion constitutes an improvement to the text from the German point of view.

(ii) Point of translation. We should prefer that the German word "insbesondere" should be translated "notably" rather than "in particular", to indicate that the examples are examples only and not necessarily the most important considerations.

(*j*) [*sic*] Article III paragraph 6.

We cannot at present foresee exactly what character of international instrument or instruments will be required for the embodiment of the settlement arrangements when they have been agreed. The High Commission should, however, make clear to the Federal Government that it is the present intention of the three governments that German indebtedness should be dealt with in accordance with an over-all agreed plan, and that there should be separate bilateral agreements only to the extent that these prove necessary. This is covered in the draft reply.

(*k*) We observe that although the Chancellor was asked that German statement should include an expression of the desire of FedRep to resume payments on the German external debt, this has not been included in the present German draft. The Allied High Commission should draw the attention of the Chancellor to the omission and suggest that such a statement should be worked into the German draft perhaps in the introductory paragraph.[4]

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[4] In Tosig 439 to London, February 23, the Department of State approved these proposed changes (396.1–ISG/2–2251).

396.1–ISG/2–2251 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State[1]

CONFIDENTIAL LONDON, February 22, 1951—midnight.

Sigto 464. *Suggested reply by HICOM to German letter.*

In reply to your letter of (blank) on the subject of German indebtedness we have the honour, on behalf of the Governments of the United States of America, the United Kingdom and France, to acknowledge the undertakings of the Federal Government in regard to the responsibility of the Federal Republic for the pre-war external debts of the German Reich and for the debt arising out of the economic assistance furnished to Germany by the three governments since 8 May, 1945.

With regard to the priority accorded to the obligations arising from the post-war economic assistance we are authorized to state that the three governments would not propose to exercise this priority in such a way as to restrict settlement of foreign-held claims arising out of trade subsequent to 8 May, 1945, essential to the economic recovery of the Federal Republic.

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[1] Repeated to Frankfurt.

With regard to the question of an arbitration clause in agreements covering the debts for post-war economic assistance, the three governments will be prepared, when negotiating such agreements, to consider whether it would be useful to include an arbitration clause to deal with any matters which might be appropriately settled by such a procedure.

We further have the honour on behalf of the three governments to confirm the understandings of the Federal Government as set forth in the second paragraph of Article I and in Article III of Your Excellency's letter. They are now engaged in preparing proposals for the working out of settlement arrangements; these will provide for the participation of foreign creditors, German debtors, and the governments concerned including Federal Government. The proposals will be designed to arrive at an orderly overall settlement of pre-war claims against Germany and German debtors and of the debt arising out of the post-war economic assistance, which would be fair and equitable to all the interests affected, including those of Federal Government. It is the intention that the resulting settlement should be embodied in a multilateral agreement; any bilateral agreements that may be considered to be necessary would be concluded within the framework of the settlement plan. As soon as their proposals are ready the three governments will communicate them to the Federal Government and to other interested governments and will discuss with them these proposals and the procedure to be adopted for dealing with the subject.

We have the honour to state that our three governments regard Your Excellency's letter under reference and this letter as placing on record an agreement between the Governments of the US, UK, and France, on the one hand and the Government of the Federal Republic on the other, concerning the questions of German indebtedness covered in these letters. These letters are prepared in English, French and German, each text being equally authentic.[2]

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[2] In Tosig 444 (repeated to Frankfurt as 5814) to London, February 25, the Department of State approved the text of this letter and authorized McCloy to sign it on behalf of the U.S. Government (396.1–ISG/2–2551).

396.1–ISG/2–2251 : Telegram

The United States Delegation at the Intergovernmental Study Group on Germany to the Secretary of State [1]

SECRET LONDON, February 22, 1951—11 p. m.

Sigto 465. Following are USDel comments on recommended instructions re German debt undertaking: [2]

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[1] Repeated to Frankfurt and Paris.

[2] Transmitted in Sigto 463, February 22, p. 1424.

1. We were successful in knocking out number of points raised by British and French which seemed to us unessential. Some we were able to depreciate to points of translation, and proposal to ask for statement German willingness to resume payment is put forward only as a desirable point. Six points which are to be dealt with by change in German letter and in Allied acknowledgement in our judgment involve significant points of substance which would affect ultimate negotiations on debts. We have tried in every case to frame proposal and justification in a way which would facilitate German acceptance.

2. British urged strongly giving HICOM a draft of alternative to the sentence on commercial debts in Article III. We urged that strong and reasoned statements to Germans that sentence was unacceptable, was more likely to produce quick settlement than attempt to redraft. We said we could agree to no alternative. We would report British suggestions, which was put up as a last ditch alternative, to Washington but could offer no hope of acceptance. Sentence suggested by British is as follows: "While ensuring fair and equitable terms for all interests affected, the plan should provide *inter alia* for the possibility of a settlement of private commercial debts".

British are communicating their proposal unilaterally to UK element HICOM with statement of US position. If any compromise proposal is to be accepted on this subject, we thought it best to allow it to arise as result of discussions with Germans and be dealt with through HICOM.

3. French claimed that German rewording of acknowledgement was admittedly made by Germans to state position that FedRep is successor to Reich. They pressed for various forms of words or statements designed to convey Allied disagreement with German position. Point was eventually disposed of by statement in Allied reply that agreement is one "concerning the question of German indebtedness covered in these letters." (i.e. not dealing with political matters).

French are unilaterally informing French element of HICOM that this language covers points of clarification referred to in paragraph 2 of instructions.

4. It should be noted that we have made agreement one between governments, with High Commissioners acting individually for their respective governments. In USDel view, this represents change favorable to Germans and may perhaps be of some assistance in facilitating German acceptance.

396.1-ISG/2-2751 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET FRANKFURT, February 27, 1951—8 p. m.

7045. Reference (*a*) Deptel 5814 repeated London Tosig 444, Paris 4460.[2] (*b*) Deptel 5801 repeated London Tosig 440, Paris unnumbered.[3]

Financial advisers met February 26 with Dittmann of Chancellor's office on debt assurance. Revision of original HICOM letter dated October 23 required modifications to Chancellor's letter and new draft reply by High Commissioners explained in detail. Dittmann seemed understand all changes and reasons therefor. He agreed only substantative modification seemed to be deletion sentence regarding private commercial debts which, he indicated, was included at insistance of bankers led by Vocke, Abs and Pferdmenges rather than Foreign Affairs committee Melville (British) discussed this matter with Abs who said he will take advice of allies. Cattier will see Vocke and Leroy-Beaulieu (French) will see Pferdmenges in attempt to convince them soundness allied reasoning in deleting reference commercial debts.

Dittmann hopes he can clear revised instruments at meeting Foreign Affairs committee February 28. Anticipates no difficulty provided we can convince bankers as discussed above.

At close of meeting, Melville told Dittmann that allies still wished FedRep submit signed instruments to Bundestag. Dittmann argued that, since under revised agreement FedRep was assuming no new debts and was recognized as full partner in future negotiations, he saw no reason why it was necessary to submit formally to Bundestag. He explained that any later agreements setting forth specific obligation of FedRep would, of course, have to be submitted to Bundestag. Since Dittmann argument appeared valid, Cattier agreed he would raise with his government. Perhaps this question should be discussed ISG. Department please comment.

Reference paragraph 2, reftel (*b*), agree course of action proposed. British and French here have no objection. Reference paragraph 4, reftel (*b*), re-drafting press release referred to special committee at last council meeting. Department's views will be taken into consideration and revised text transmitted. Will comment timing later.

McCLOY

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[1] Repeated to London and Paris.

[2] Not printed, but see footnote 2, p. 1427.

[3] Not printed; it told Cattier to proceed in accordance with the proposals contained in Sigto 462 and Sigto 463 and stated that the Department of State intended to make the basic documents available to representatives of interested governments. (862A.10/2-2351)

Editorial Note

With the agreement on the text of the Federal Republic's assurance concerning acceptance of liability for prewar German external debts, the several documents which had been prepared during the fall of 1950 by the Intergovernmental Study Group and the Allied High Commission for Germany could be promulgated. The texts of the seven documents that follow are those that appear in "Basic Documents Book" of the Office of the United States High Commissioner for Germany, first prepared in March of 1950 and updated thereafter. (762A.00/3-150) For the text of the Allied communiqué concerning the revision of the Occupation Statute and the implementation of the New York agreements, released to the press on March 6, see Department of State *Bulletin*, March 19, 1951, page 443.

For additional documentation on the revision of the Charter of the Allied High Commission, see HICOG's *Sixth Quarterly Report on Germany, January 1–March 31, 1951*, pages 128 ff.

762A.00/3-150

First Instrument of Revision of the Occupation Statute for Germany

The Council of the Allied High Commission hereby promulgates the following modifications of the Occupation Statute[1] which except as modified by this Instrument continues in force:

I. In paragraph 2(*b*), after the words "non-discrimination in trade matters", insert the following:

"to the extent required for the purposes of paragraph (*g*)(2) below:"

II. Paragraph 2(*c*) is amended to read as follows:

"(*c*) foreign affairs, including international agreements made by or on behalf of Germany; but the powers reserved in this field will be exercised so as to permit the Federal Republic to conduct relations with foreign countries to the full extent compatible with the requirements of security, other reserved powers, and obligations of the Occupying Powers relating to Germany."

III. Paragraph 2(*g*) is amended to read as follows:

"(*g*) control over foreign trade and exchange to the extent necessary:

(1) to meet the needs of security;

(2) to ensure the observance by the Federal Republic of principles of the General Agreement on Tariffs and Trade, until the

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[1] *Foreign Relations*, 1949, vol. III, p. 179.

Federal Republic has become a party to the Agreement and assumed the obligations thereunder;

(3) to ensure the observance by the Federal Republic of the principles and practices of the International Monetary Fund Agreement and to control its exchange rate, until the Federal Republic has become a member of the Fund and assumed satisfactory obligations thereunder with respect to its exchange rate;

(4) to provide for orderly settlement of claims against Germany."

IV. Paragraph 2(*h*) is deleted.

V. Paragraph 5 is amended to read as follows:

"(*a*) Any amendment of the Basic Law will require the express approval of the Occupation Authorities before becoming effective. Any agreement made between the Federal Republic and a foreign government will become effective 21 days after its official receipt by the Occupation Authorities unless previously disapproved by them, provisionally or finally. Land constitutions, amendments thereof, and all other Federal or Land legislation will be effective without review by the Occupation Authorities but will be subject to repeal or annulment by them.

"(*b*) The Occupation Authorities will not disapprove any agreement between the Federal Republic and a friendly country or repeal or annul legislation unless in their opinion it is inconsistent with the provisions of the Occupation Statute as revised or with legislation or other measures of the Occupation Authorities, or constitutes a grave threat to the basic purposes of the Occupation."

VI. Paragraph 7 is amended to read as follows:

"(*a*) Insofar as it is based upon reserved powers, Occupation legislation will remain in force until repealed or amended by the Occupation Authorities.

"(*b*) All other Occupation legislation will remain in force until repealed by the Occupation Authorities at the request of the appropriate German authorities, or repealed or amended by the German authorities upon authorization by the Occupation Authorities."

VII. This Instrument shall become effective on March 7, 1951.

Done at Bonn, Petersberg on 6 March 1951.

A. FRANCOIS-PONCET
French High Commissioner
for Germany

IVONE KIRKPATRICK
U.K. High Commissioner
for Germany

JOHN J. MCCLOY
U.S. High Commissioner
for Germany

762A.00/3-150

Decision of the Allied High Commission for Germany

[BONN, March 6, 1951.]

DECISION NO. 10

PROGRAM FOR THE REVISION OF OCCUPATION CONTROLS

In implementation of the decisions taken by the Foreign Ministers of the United States, the United Kingdom and France at their New York Meeting on 18 September, 1950, the Council of the Allied High Commission, having this day promulgated the "First Instrument of Revision of the Occupation Statute",[1] has decided to adopt the following program for further relaxation of controls under the Occupation Statute:

1. The powers reserved by paragraph 2(*b*) relating to deconcentration will be exercised only to ensure completion of Allied programs relating to the steel, coal and motion picture industries, I.G. Farben and the Grossbanken and actions which, as of December 31, 1950, were called for under laws adopted by the Allied High Commission or have been initiated through legal process taken under existing laws. Upon completion of such programs and actions these powers will be relinquished.

2. (*a*) The powers reserved by paragraph 2(*b*) relating to decartelization will be relinquished upon the enactment by the Federal Republic of legislation satisfactory to the Occupation Authorities, including provisions to prevent new concentrations of economic power.

(*b*) The powers reserved by paragraph 2(*d*) relating to displaced persons and the admission of refugees will be relinquished as soon as commitments and other action satisfactory to the Occupation Authorities have been taken by the Federal Government with respect to the admission, care, and protection of displaced persons and refugees, including safeguarding their civil rights, assuring the continued and effective operation of International and Allied agencies established for their care and resettlement, and compensating victims of Nazi persecution.

(*c*) The powers reserved by paragraph 2(*f*) relating to respect for the Basic Law and the Land Constitutions will be relinquished as soon as the Federal Republic has established a judicial authority deemed by the Occupation Authorities to be capable of effectively upholding the civil rights of the individual as defined in the Basic Law.

3. The Occupation Authorities will retain the powers necessary to ensure that the Federal Government carries out commitments undertaken and legislation enacted pursuant to paragraph 2 above and that the essential features of such legislation are maintained.

4. The Council of the Allied High Commission will issue further instruments of revision of the Occupation Statute from time to time as the conditions prescribed by this Decision for the relinquishment of powers are fulfilled.

5. This Decision shall become effective on March 7, 1951.

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[1] *Supra.*

762A.00/3-150

Decision of the Allied High Commission for Germany

[BONN, March 6, 1951.]

DECISION NO. 11

COMPETENCE OF THE FEDERAL GOVERNMENT IN THE FIELD OF FOREIGN AFFAIRS

In exercise of the powers reserved by Paragraph 2(*c*) of the Occupation Statute[1] as amended by the First Instrument of Revision,[2] the Council of the Allied High Commission decides as follows:

Article I

The Federal Government is hereby authorized to establish a Ministry of Foreign Affairs and shall have exclusive responsibility for the choice of the personnel of its diplomatic, consular and trade missions.

Article II

The Federal Government may conduct relations with foreign countries subject to the provisions of this Decision.

Article III

1. The establishment of diplomatic or consular relations or trade missions shall be subject to the prior approval of the Allied High Commission.

2. The Federal Government may, however, establish without such approval diplomatic missions in those countries, other than the United States of America, France and the United Kingdom, in which prior to the effective date of this Decision it has been authorized to establish consular offices.

3. No prior approval will be required for the establishment of consular offices or trade missions in those countries with which the Federal Government has diplomatic or consular relations.

Article IV

The Federal Government is hereby authorized to appoint official agents in the capitals of the United States of America, France and the United Kingdom.

Article V

The accreditation and status of foreign missions in the Territory of the Federal Republic will be governed by the following provisions.

(i) Diplomatic missions and consular offices established in the Territory of the Federal Republic will normally be accredited to and recognized by the Federal Republic. In exceptional circumstances they may be accredited to or recognized by the Allied High Commission. In no case will there be a dual accreditation of missions to the Allied High Commission and to the Federal Republic or the issue of exequaturs to consuls by both the Federal Government and the Allied High Commission.

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[1] *Foreign Relations*, 1949, vol. III, p. 179.

[2] *Ante*, p. 1431.

(ii) The accreditation of foreign missions to the Federal Government shall be notified to the Allied High Commission and they will thereafter have access to it in all matters relating to the fields reserved to the Occupation Authorities.

Article VI

The Federal and *Land* Governments shall keep the Allied High Commission informed of any international negotiations. The Allied High Commission may intervene in negotiations relating to the fields reserved to the Occupation Authorities.

Article VII

The Federal Government shall furnish to the Allied High Commission all appropriate information regarding action taken pursuant to the provisions of this Decision.

Article VIII

This Decision shall become effective on March 7, 1951.

762A.00/3-150

The Chancellor of the Federal Republic of Germany (Adenauer) to the Chairman of the Allied High Commission for Germany (François-Poncet)

BONN, 6 March 1951.

MR. HIGH COMMISSIONER: In reply to your letter of 23 October 1950—AGSec(50)2339[1]—I have the honour to inform you as follows:—

I

The Federal Republic hereby confirms that it is liable for the prewar external debt of the German Reich, including those debts of other corporate bodies subsequently to be declared liabilities of the Reich, as well as for interest and other charges on securities of the Government of Austria to the extent that such interest and charges become due after 12 March 1938 and before 8 May 1945.

The Federal Government understands that in the determination of the manner in which and the extent to which the Federal Republic will fulfil this liability, account will be taken of the general situation of the Federal Republic including, in particular, the effects of the limitations on its territorial jurisdiction and its capacity to pay.

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[1] For text, see *Foreign Relations*, 1950, vol. IV, p. 767.

II

The Federal Government acknowledges hereby in principle the debt arising from the economic assistance furnished to Germany since 8 May, 1945, to the extent to which liability for such debt has not previously been acknowledged in the Agreement on Economic Cooperation concluded on 15 December 1949 between the Federal Republic and the United States of America,[2] or for which the Federal Republic has not already taken over responsibility under Article 133 of the Basic Law. The Federal Government is ready to accord the obligations arising from the economic assistance priority over all other foreign claims against Germany or German nationals.

The Federal Government regards it as appropriate to regulate any questions connected with the recognition and settlement of these debts by bilateral agreements with the Governments of the countries which have rendered economic assistance, patterned on the Agreement concluded with the United States of America on 15 December 1949. The Federal Government takes for granted that these agreements will contain an arbitration clause for cases of dispute. The Federal Government is prepared at once to enter into negotiations for the conclusion of such agreements with the Governments concerned.

III

The Federal Government hereby expresses its desire to resume payments on the German external debt. It understands that there is agreement between it and the Governments of France, the United Kingdom of Great Britain and Northern Ireland and the United States of America on the following:—

It is in the interest of the reestablishment of normal economic relations between the Federal Republic and other countries to work out as soon as possible a settlement plan which will govern the settlement of public and private claims against Germany and German nationals.

Interested Governments including the Federal Republic, creditors and debtors shall participate in working out this plan.

The settlement plan shall in particular deal with those claims, the settlement of which would achieve the objective of normalising the economic and financial relations of the Federal Republic with other countries. It will take into account the general economic position of the Federal Republic, notably the increase of its burdens and the reduction in its economic wealth. The general effect of this plan shall neither dislocate the German economy through undesirable effects on the internal financial situation nor unduly drain existing or potential German foreign exchange resources. It shall also not add appreciably to the financial burden of any Occupation Power.

The Governments concerned may obtain expert opinions on all questions arising out of the negotiations on the settlement plan and on the capacity to pay.

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[2] For the text of this agreement, see TIAS No. 2024, or 64 Stat. (pt. 3) B81.

The result of the negotiations shall be set forth in agreements. It is agreed that the plan will be provisional in nature and subject to revision as soon as Germany is reunited and a final peace settlement becomes possible.

I beg your Excellency to accept [etc.] ADENAUER

Editorial Note

On March 6 the Allied High Commissioners delivered to the Federal Chancellor, as a reply to his assurance on debts, the text of the letter transmitted in Sigto 464, February 22, page 1427, with the following changes: (1) inclusion of the date "6 March, 1951" for the blank in the first paragraph, (2) listing of the three governments in alphabetical order in the first and last paragraphs, and (3) changing the last phrase of the second sentence of the fourth paragraph to read "and interested Governments including the Federal Government." (762A.00/3–150)

762A.00/3–150

The Chancellor of the Federal Republic of Germany (Adenauer) to the Chairman of the Allied High Commission for Germany (François-Poncet)

BONN, 6 March 1951.

I have received your letter AGSec(50)2340 of 23 October, 1950,[1] and as requested I hereby confirm that the Federal Government will cooperate in the equitable apportionment of materials, products and services which are or may be in short supply or required for the common defense.

In the spirit of this cooperation the Federal Republic is in particular prepared

(*a*) not to impose export restrictions on Western orders placed in the area of the Federal Republic for the above items, detrimental to the equitable apportionment of said items;

(*b*) to take measures to prevent internal consumption of said items from unduly increasing at the expense of exports of said items and to lend support to industries producing the above items;

(*c*) when the situation requires, to institute measures designed to ensure, at reasonable and non-discriminatory prices, supplies of the above items for Western defense requirements in an equitable proportion to the Federal Republic's internal requirements for consumption and investment and with the appropriate degree of priority over the import demands of countries outside of Western defense effort.

I beg your Excellency to accept [etc.] ADENAUER

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[1] For text, see *Foreign Relations*, 1950, vol. IV, p. 767.

762A.00/3-150

Charter of the Allied High Commission for Germany as Modified by Instrument of Revision [1]

RESTRICTED [BONN, March 6, 1951.]

CHARTER OF THE ALLIED HIGH COMMISSION FOR GERMANY AS MODIFIED BY INSTRUMENT OF REVISION—EFFECTIVE MARCH 7, 1951

I. ESTABLISHMENT OF ALLIED HIGH COMMISSION AND TRANSFER OF CONTROL

1. An Allied High Commission (hereinafter referred to as the High Commission) is hereby established for the exercise of supreme Allied authority in the Federal Republic of Germany. The High Commission shall be headed by three High Commissioners, one designated by each of the three powers signatory hereto.

2. As from the date of the entry into force of the Occupation Statute all authority with respect to the control of Germany or over any governmental authority thereof, vested in or exercised by the respective Commanders-in-Chief of the forces of occupation of the Three Powers in Germany, from whatever source derived and however exercised, will be transferred to the three High Commissioners respectively to be exercised in accordance with the provisions hereof and of the Occupation Statute.

3. (*a*) The stationing within Germany of forces of the three Occupying Powers outside of their respective zones of occupation will be as agreed between appropriate High Commissioners and the respective Commanders-in-Chief. The forces of any other Allied Nation participating in the defence of Western Europe and deployed within Germany for that purpose may be stationed in such areas of a zone of occupation as are agreed by the High Commissioner and the Commander-in-Chief of the zone of occupation concerned.

(*b*) Command of the forces of the three Occupying Powers is vested in their respective Commanders-in-Chief, regardless of their location within the three zones of occupation. If, however, operational control of all or part of any of the forces of one Occupying Power located in the zone of occupation of one of the other two Occupying Powers becomes necessary, such operational control, together with necessary administrative arrangements, will be mutually agreed between the High Commissioners and the Commanders-in-Chief in the zones of occupation concerned.

(*c*) Control of the related military establishments and services of the three Occupying Powers is vested in their respective Commanders-in-Chief regardless of their location within the three zones of occupation. Administrative arrangements for forces of one Occupying Power when located in the zone of occupation of one of the other two Occupying Powers will be as mutually agreed between the High Commissioners and Commanders-in-Chief of the two Occupying Powers concerned.

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[1] A copy of the Instrument of Revision of the Charter of the Allied High Commission for Germany, IGG/P(51)29, dated February 27, is in the CFM files, lot M-88, box 196; for the text of the Charter of the Allied High Commission for Germany, June 20, 1949, see Ruhm von Oppen, *Documents on Germany*, pp. 398-406, or *Germany, 1947-1949*, pp. 92-97.

(*d*) Command and administrative arrangements of the forces of any Allied Nation other than the three Occupying Powers stationed within Germany will be a matter for governmental agreement between such Nation and the Occupying Power concerned.

(*e*) Existing agreements which have been concluded between two or all of the three Occupying Powers will not be altered by the foregoing without the mutual agreement of the High Commissioners and Commanders-in-Chief in the zones of occupation concerned.

4. (deleted by Instrument of Revision)

II. FUNCTIONS OF THE HIGH COMMISSION

1. The High Commission shall exercise control over the Federal Government and the Governments of its constituent *Laender*, as provided in the Occupation Statute.[2] In the exercise of the powers reserved to the Occupation Authorities under said Statute, the High Commission shall reach its decisions in accordance with the provisions of Annex A hereof. These decisions shall constitute a joint exercise of the authority of all the three High Commissioners.

2. The High Commission shall act only through the Federal or appropriate *Land* Government except where direct action or legislation by the High Commission is necessary or appropriate for the due exercise of any of the powers reserved to the Occupation Authorities under the Occupation Statute.

3. The Headquarters of the High Commission shall be at the seat of the German Federal Government. The area defined as the Bonn Enclave will continue to constitute a special area directly under the administration of the High Commission and excluded from any individual zone of occupation.

III. ORGANISATION OF THE HIGH COMMISSION

1. The central organisation of the High Commission shall be tripartite in character and shall consist of:—

(*a*) an Allied Council (hereinafter referred to as "The Council") composed of the three High Commissioners. Each High Commissioner shall nominate a Deputy or permanent representative who will take his place on the Council in his absence. The Deputies or permanent representatives of the respective High Commissioners acting together may function as an Executive Committee of the Council if the Council so decides;

(*b*) such committees, including the Military Security Board, and such sub-committees and subordinate groups, with such membership and such terms of reference, as the Council may from time to time approve;

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[2] For the text of the Occupation Statute, see *Foreign Relations*, 1949, vol. III, p. 179, and the Instrument of Revision, p. 1431.

(*c*) an Allied General Secretariat.

2. *The Council.*

The Council shall constitute the supreme authority of the High Commission. The Council shall meet as frequently as it considers necessary and at any time upon the request of any of its members. The Chairmanship of the Council and its various committees shall be held in monthly rotation by each of its members. The Council shall fix the time and place of its meetings and shall establish appropriate rules and procedures for the conduct of its business. Decisions of the Council shall be reached in accordance with Annex A.

3. (deleted by Instrument of Revision)

4. (deleted by Instrument of Revision)

5. *Allied General Secretariat.*

The High Commission shall be served by a Tripartite General Secretariat. The Secretariat will receive and dispatch all communications to or from the High Commission, prepare the agenda and materials for the meetings of the Council and shall keep the minutes of their meetings. The Secretariat or its appropriate branches shall act as the channel of communication between the High Commission and the agencies of the Federal Government, and between the Council and the several *Land* Commissioners with respect to matters affecting said *Land* Governments. The Secretariat shall maintain the records of the High Commission and be responsible for such other tasks as the Council may decide.

IV. LAND COMMISSIONERS

1. All powers of the High Commission shall be uniformly exercised in the constituent *Laender* of the Federal Republic, in accordance with tripartite policies and the directions of the Council.

2. To achieve uniformity in the exercise of its powers, the High Commission shall be represented at the seat of government of each of the constituent *Laender* by an Allied *Land* Commissioner who shall be solely responsible to the Council for ensuring due compliance on the part of the *Land* authorities with the Council's decisions and directives. The *Land* Commissioner shall report and be solely responsible to the Council for all matters of tripartite concern in the *Land* and shall be the exclusive channel of communication and liaison between the Council and the *Land* Government with respect to such matters.

3. In particular each *Land* Commissioner shall be responsible to the Council for:

(*a*) recommending repeal or annulment of legislation enacted by the *Land* Government where he considers such action appropriate under paragraph 5 of the Occupation Statute;

(*b*) ensuring due compliance on the part of the *Land* Government with the Occupation Statute and with legislation and decisions of the Occupation Authorities thereunder;

(*c*) providing information as required by the Military Security Board and giving all necessary assistance to the inspectorate of the Military Security Board and such other bodies as may be authorised by the Council;

(*d*) the preparation of such periodic or special reports as the Council may request.

4. Each *Land* Commissioner and the members of his staff shall be nationals of the Power in whose zone the *Land* is situated, and shall be appointed by and administratively responsible to the High Commissioner designated by such Power. Each *Land* Commissioner shall be accountable exclusively to his High Commissioner and shall be his channel of communications and liaison with the *Land* Government with respect to:—

(*a*) all matters which are listed in Article V, paragraph 2;

(*b*) conduct of all relationships between the forces of occupation stationed in the *Land* and the governmental agencies thereof except to the extent that direct communications and relations may be authorised by him.

5. Each High Commissioner shall designate an observer together with a small personal staff to be agreed in each case by the High Commissioners concerned, to each of the *Land* Commissioners outside of his own zone for purposes of consultation and information.

V. INDIVIDUAL RESPONSIBILITIES OF THE HIGH COMMISSIONERS

1. Each High Commissioner shall maintain at the seat of government of each of the *Laender* in his zone a *Land* Commissioner with the minimum staff and facilities required for the purposes set forth in Articles IV and V hereof. He shall ensure the due implementation by each of said *Land* Commissioners of the decisions and directions of the Council. He shall also ensure that all powers of the High Commission are uniformly exercised within said *Laender* in accordance with tripartite policy and the decisions of the Council.

2. Each High Commissioner shall be responsible to his Government with respect to the *Laender* of his zone for the matters in fields reserved to occupation authorities listed below. Nevertheless, so far as possible, he shall co-ordinate the general policies which he may pursue in these fields with those of the other High Commissioners and exercise these powers in accordance with such tripartite legislation or policies as the Council may adopt:—

(*a*) maintenance of law and order if the responsible German authorities are unable to do so;

(*b*) ensuring the protection, prestige, security and immunities of the Allied forces of occupation, of the Allied Occupation authorities, their dependents, employees and official representatives;

(*c*) the delivery of reparations and restitutable property;

(*d*) care and administration of displaced persons;

(*e*) the disposition of war criminals;

(*f*) administration of justice in cases falling within the jurisdiction of Allied Courts;

(*g*) control of the care and treatment in German prisons of persons charged before or sentenced by the courts or tribunals of the Occupation Authorities, over the carrying out of sentences imposed on them and over questions of amnesty, pardon or release in relation to them.

3. Each High Commissioner shall be individually responsible to the Council for the formulation annually, in accordance with tripartite policies and criteria, of his budget of occupation costs and other requirements. Such budget shall be formulated and submitted to the Council, on a date to be determined by it, for consideration and approval by the Council, and for consolidation in a total budget of the Occupation Authorities for transmission to the Federal Government. Each High Commissioner shall be responsible to the Council for control of his approved budget in accordance with accounting standards and procedures established by the Council.

VI. DECISIONS OF THE COUNCIL

1. Formal decisions and directions of the Council affecting the Federal Government or any agency thereof shall be in writing and shall be communicated to the Chancellor by or on behalf of the Council.

2. Formal communications involving matters of lesser import or of a routine character may be addressed to the Minister concerned by the appropriate organ of the Council.

3. Formal decisions or directions of the Council affecting a *Land* Government or any agency thereof shall be in writing and shall be communicated to its Minister President through the *Land* Commissioner, in the name of the Council.

4. Formal decisions of the Council shall be recorded in an official gazette maintained by the High Commission at the Allied seat of control in Germany which shall be published in the English, French and German languages. Publication of any such decision in the official gazette of the High Commission shall be conclusive evidence that the recorded action or decision was taken pursuant to the powers vested in the Occupation Authorities under the Occupation Statute.

VII. INTERNATIONAL AUTHORITY FOR THE RUHR

The High Commission shall take all necessary steps to give effect to Article 22 of the Agreement establishing the International Authority for the Ruhr of April 28th 1949.[3]

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[3] For the text of the Agreement establishing the International Authority for the Ruhr, see *Foreign Relations*, 1948, vol. II, pp. 581 ff.

VIII. FOREIGN MISSIONS IN GERMANY

Foreign diplomatic representatives accredited to the Federal Government, together with any foreign representatives accredited to the Allied High Commission, shall have access to the latter by procedures determined by the Council.

IX. (DELETED BY INSTRUMENT OF REVISION)

X. OFFICIAL LANGUAGES

The official languages of the High Commission shall be English and French. Authoritative German texts of documents shall be provided as necessary.

XI. DEFINITIONS

In the Charter of the Allied High Commission for Germany as revised, the expression "Occupation Statute" shall, where the context requires, mean the Occupation Statute as from time to time modified by the Council of the Allied High Commission.

The "Agreement as to Tripartite Controls" among the Three Powers dated 8th April, 1949,[4] previously attached to and made a part of the Charter as Annex A, is terminated.

In the Charter as revised, the expression "Annex A" shall mean the Annex A attached to this document.

In witness whereof the foregoing agreement has been duly executed by the respective representatives thereunder duly authorised of the Governments of the Republic of France, the United Kingdom of Great Britain and Northern Ireland and the United States of America in triplicate in the French and English languages, each text being equally authentic, and shall come into effect on the 7th day of March 1951.

Annex A

1. In the exercise of the powers reserved to the Occupation Authorities to approve amendments to the Basic Law the decisions of the Allied High Commission shall require unanimous agreement.

2. In cases in which the exercise of, or failure to exercise, the powers reserved under paragraph 2(*g*) of the Occupation Statute would increase the need for assistance from United States Government appropriated funds, there shall be a system of weighted voting. Under such system the representatives of the Occupation Authorities will have a voting strength proportionate to the funds made available to Germany by their respective Governments. No action taken hereunder shall be contrary to any intergovernmental agreement among the signatories or to the principles of non-discrimination.

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[4] For the text of the Agreement as to Tripartite Controls, see *Foreign Relations*, 1949, vol. III, p. 181.

3. On all other matters action shall be by majority vote. It is understood that agreements between the Governments of the three Occupying Powers relating to any of the subjects listed in paragraphs 2(*a*) and 2(*b*) of the Occupation Statute may not be modified by a majority decision of the Allied High Commission.

4. If a High Commissioner considers that a decision taken by a majority vote conflicts with an intergovernmental agreement which relates to any of the subjects listed in paragraphs 2(*a*) and 2(*b*) of the Occupation Statute, or with basic tripartite policy, he may appeal to his Government. Such appeal shall serve to suspend action for a period of thirty days and for such further period of suspension as any two of the Governments agree. If such appeal is from a decision of the Allied High Commission to repeal or annul German legislation, the repeal or annulment shall not become effective until the expiry of the appeal period.

Editorial Note

On March 8 the Statement of Principles Governing the Relationship Between the Allied Kommandatura and Berlin was also revised. For the text of this document, see page 1900.

Editorial Note

On May 24 the Governments of France, the United Kingdom, and the United States announced that they had established at London a Tripartite Commission on German Debts (TCGD) to carry on the work of the Intergovernmental Study Group on Germany in the area of prewar and postwar German external debts. At the same time the three Governments released to the press the proposed procedure for reaching a settlement, the principles relating to it, and the terms of reference for the Commission.

The Commission held preparatory meetings in June and July with representatives of the Federal Republic, the Netherlands, Belgium, Sweden, and Switzerland to exchange views on the many problems involved in a settlement. Following a recess to consult their governments the members of the Commission resumed their deliberations with the representatives of the Federal Republic on November 26 and in December were successful in reaching agreement on postwar Allied claims. At the same time arrangements were made for a full conference of creditors to be held at London in 1952.

For the texts of the documents relating to the establishment of the TCGD, see Department of State *Bulletin*, June 4, 1951, pages 901–906; for the text of the communiqué issued on December 11, stating the amounts due to the United States, the United Kingdom, and France for their postwar economic assistance, see *ibid.*, December 24, 1951, pages 1021–1022; documentation on the deliberations of the TCGD in its various phases is in file 398.10–GDC and in the CFM files, lot M–88, boxes 206–209.

PARTICIPATION OF THE UNITED STATES IN TRIPARTITE AND QUADRIPARTITE DISCUSSIONS ON ESTABLISHING CONTRACTUAL RELATIONS WITH THE FEDERAL REPUBLIC OF GERMANY

A. DISCUSSION LEADING TO THE REPORT OF AUGUST 9 BY THE ALLIED HIGH COMMISSION FOR GERMANY CONCERNING THE ESTABLISHMENT OF A NEW RELATIONSHIP BETWEEN THE ALLIED POWERS AND GERMANY

460.509/1-851 : Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

SECRET PARIS, January 8, 1951—2 p. m.

3855. London's 3760 to Department January 5.[2] Apparently before receipt of British views re contractual arrangement with Germany, but evidencing French fears concerning what is believed to be the British attitude, Sauvagnargues has given us informally following indications present Foreign Office thinking on subject.

Schuman has interpreted the Secretary's remark in Brussels,[3] to the effect that we do not expect that a "treaty" will be concluded with Federal Republic, as indicating that US is not contemplating that complete sovereignty should be given to Federal Republic nor that the kind of contractual arrangement should be made that could be interpreted as peace treaty with Federal Republic. Foreign Office thinking, Sauvagnargues said, is that whereas contractual arrangement is necessary and even desirable, western powers must not and cannot divest themselves of supreme authority, which could in any event only be done by peace treaty. He felt distinction must be made between "placing our relations with Germany on a contractual basis" and "placing our presence in Germany on a contractual basis" he expressed fear that British may not be viewing problem entirely in this light.

Present Foreign Office thinking is along lines which distinguish between a "contractual arrangement" which implies continuance of Allied Supreme Authority in Germany and which is desirable, and

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[1] Repeated to London and Frankfurt.

[2] Not printed; it reported that the current thinking of the Foreign Office was that the Allies must contemplate the relinquishment of all reserve powers and their supreme authority for contractual arrangements (keeping controls only in the industrial, research, and military fields) if they wanted to align the Federal Republic with the West in a political and military sense. (740.5/1-551)

[3] For documentation on the discussion of Germany at Brussels, December 18-19, 1950, see *Foreign Relations*, 1950, vol. III, pp. 585 ff.

"accord de securite" which implies complete equality with Germans, which consequently might be abrogated by Federal Republic at some later time, and which is consequently undesirable.

As reasons why, however much may be granted to Federal Republic under a contractual arrangement, attributes of complete sovereignty must be withheld at this time, Sauvagnargues listed the following:

(1) It would necessitate conclusion of peace treaty, which would open up question of Federal Republic's eastern boundary.

(2) It would deprive us of legal basis for our presence in Berlin. which is derived from Germany's status as defeated and occupied country.

(3) It would close door on any future negotiations with Soviets with respect to Germany.

(4) It would undercut the unilateral guarantees which have been worked out at Brussels because even if these were agreed to by Germans, such an agreement on their part could be simply withdrawn at a later time.

(5) It would remove the legal basis of our presence in Germany.

Sauvagnargues emphasized that Foreign Office position still being developed, that above so far represent working level thinking only, and indicated that any information that may be available concerning our own tentative views will be most welcome. We hope to obtain Foreign Office comment regarding the British views (as per reference telegram) after they have been studied here.

BRUCE

740.5/1-551 : Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, January 12, 1951—7 p. m.

3378. 1. Dept has welcomed opportunity to examine Brit and Fr views re contractual arrangements with Ger. (London's 3760 Jan 5, and Paris 3855 Jan 8.)[2]

2. While Brit have touched on question of Supreme Authority, thinking of Fr FonOff appears to be overly centered on this point. We agree question is of great importance but do not believe its consideration shld be allowed to obstruct thinking on extent to which we are otherwise prepared to readjust relationship to Gers. We agree with Brit that as circumstances now stand we have most to gain "by bringing about the inevitable gracefully and rapidly rather than grudgingly and too late". Acceptance this premise means broadly surrendering our controls and powers, largely abolishing our machinery of control and thus placing Gers on basis substantial equality.

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[1] This telegram, drafted by Laukhuff and cleared by Byroade and Perkins, was repeated to Paris and Frankfurt.

[2] Telegram 3760, not printed, but see footnote 2, *supra*.

3. If this is result we aim at, supreme authority will have little practical meaning in terms of day to day controls, as Brit point out. Decision re its retention will always have to depend on legal considerations and polit necessities, including Ger views, and as of present moment it is not at all clear whether Gers will push us to surrender supreme authority. On balance, however, Dept does believe some formula must be found whereby supreme authority or a right of intervention is retained for two purposes: First, to permit interim control over long-range security arrangements and make sure that defense plans wld not get out of hand and second, to have a basis for future negots with the Russians, always recognizing that we can never expect to enforce any agreement concerning Ger which is not acceptable to Gers themselves.

4. However, Dept finds it difficult to accept all reasons for retention advanced by Fr FonOff. Sovs have contended since Berlin blockade that we have destroyed legal right to remain in Berlin, so seems doubtful if additional step wld change situation as regards Sov attitude. However, we agree with Fr view that our rights there are based on conquest.

5. Also find it difficult agree Fr thesis that peace treaty necessary if sovereignty given up. Distinction between "peace treaty" and other agreements seems increasingly tenuous and important only for psychological purposes. Dept sees no objection to conclusion contractual arrangements in form of treaty if that appears desirable, but at present stage of internatl situation wld certainly not wish to call any arrangements "peace treaty" which did not include Sovs. Giving up sovereignty wld necessitate additional contractual arrangements but not peace treaty. Only points really to be reserved for peace treaty are those which cannot be solved without an understanding with Sovs.

6. Do not understand point 4 of Paris tel.

7. Seems to Dept that loss of supreme authority wld change but not remove legal basis of our presence in Ger which wld then rest on agreement with Gers. This might or might not be serious, from viewpoint possible Ger backsliding, depending on degree of Ger commitment to a European Army, NATO defense arrangements and other western institutions.

8. Dept's thinking on foregoing is only tentative and point of supreme authority is in any event one of last we shall have to face. Dept believes it is more important to proceed with dispatch to formulate plans for replacing occupation controls by contractual arrangements. Dept does not believe Occ Stat will serve any useful purpose if remaining controls are either handed over to Gers or embodied in agreements freely entered into by both sides, and HICOM as such might well be replaced by Ambassadors to emphasize more equal normal status of relations.

9. As for relationship between Ger negots and possible four-power talks Dept holds two views strongly.[3] First, cardinal principle must be to push unremittingly our policy of integrating Ger with West, including defense plans. This is best means of insuring Ger does not fall under Sov domination, an eventuality which wld be far from ensured against in the event of a unified, demilitarized "neutral" Ger. Dept therefore fully shares views set forth para 1 of Brit tel of Jan 3 to Paris.[4]

10. Second, Dept concludes that in absence of any basis for hope of overall settlement outstanding tensions with Sov Union, we must proceed with negots with Gers without delay and without regard for possible four-power talks. We wld fall into trap so obviously set by Sov maneuvers if we delayed Ger plans pending outcome our exchange of notes with Sovs. This wld mean possibly indefinite delay and still further opportunity for Ger opinion to swing toward "neutrality" concept.

11. You may discuss problems with FonOff along these lines, showing them this message if you wish.

12. Have just seen Paris' 3973 Jan 11,[5] but do not consider additional observations necessary at present.

ACHESON

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[3] For documentation on the exchange of notes between the Soviet Union and the United States, the United Kingdom, and France which led to the Four-Power Exploratory Talks at Paris in the spring of 1951, see pp. 1048 ff.

[4] Not found in Department of State files.

[5] Not printed; it transmitted the substance of a message from the French Foreign Office to François-Poncet which set forth the tentative French views on contractual arrangements along lines similar to those in telegram 3855. (740.5/1-1151)

762A.00/1-1251 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, January 12, 1951—7 p. m.

4873. Personal for McCloy from Byroade. I wld appreciate it if you cld review Deptel 4585 Dec 28[2] and Bonn's 427 Jan 5 to Dept[3] in reply. Reply does not seem to me to be consistent with paper approved by FonMins in Brussels or with our conversations there.

As we see it, process of getting agreements which will bring Ger into def arrangements and accomplish changes in status of FedRep which are necessary to make its political position consistent with its participation in def will probably take many months to work out. End of process will be reached when we have concluded with FedRep a series of agreements or treaties which will associate it with NATO, end Occ Stat, and establish new basis for Gers relations with West. In Deptel 4222, Dec 12,[4] we gave you tentative and general outline of arrangements which we thought wld have be made to accomplish this result.

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[1] Drafted by Byroade and Reinstein.

[2] For text, see *Foreign Relations*, 1950, vol. IV, p. 817.

[3] Not printed; in it McCloy stated that he did not believe the division of work proposed in paragraph 4 of telegram 4584 was "practical or desirable since it would convert ISG into agency for negotiations or discussions with Germans and thus confuse lines of responsibility." (396.1-ISG/1-251)

Initiation of steps to create Ger units cannot await completion of all these steps. However, am inclined doubt (and believe this is also your view) that Gers will be prepared take even first steps toward creating units for defense force unless there is firm understanding between them and us that they will be accorded substantial equality in polit, econ and mili matters, and as to manner and time at which this will be done.

If this assumption is correct, it means there will have to be some sort of agreement between occ powers and Gers setting forth basis on which contractual arrangements are to be worked out and indicating matters which are to be subj of contractual arrangements.

Understanding reached at Brussels was that we wld enter into genuine negots with Gers. This does not in my view mean we will formulate our positions only in the negots or solely in response to proposals made by Gers. In great many matters which are of primary concern to us and on which we will be seeking commitments from Gers, it is we rather than they who must formulate proposals. The whole arrangement will be of such a novel character that it will require considerable thought on our part as to how it shld be developed and what subjs will have be dealt with. This means we must, jointly with Brit and Fr, formulate ideas and positions for our discussions.

I am concerned that unless there is clear understanding, at first among us on American side and later on tripartite basis, as to how we are to proceed, the whole development will be far too slow. My staff for instance is now largely stymied in preparation of studies until some overall plan and approach is decided upon.

It may well be that until Gers see what happens as result of our exchanges with Sovs, they will be unwilling to do more than talk in an exploratory fashion. We must be in position, however, to go vigorously ahead once this question is out of way. This means that in addition to giving thought to positions which we wld have to take with Sovs shld there be four-power discussions, we must work ahead on our tripartite arrangements.

Brussels Directive[5] lays on HICOM task of working out a general outline of arrangements with Gers for consideration by Govts. I had hoped this wld be done during month of Jan. Directive states that matters to be considered by ISG are to be identified by HICOM as matter of priority and that ISG is to begin working on them in Jan.[6]

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[4] For text, see *Foreign Relations*, 1950, vol. IV, p. 797.
[5] See *ibid.*, vol. III, pp. 585 ff.

I do not think that question of where work is done is as important as insuring that it is done somewhere and that we are in agreement as to what needs to be done. Although I appreciate that there are difficulties in dividing up the work, it seems to me that it wld also be difficult for HICOM to attempt to do entire job. I do not think problem of coordinating work done by HICOM and ISG is insuperable one. I shld think it cld be met in large part by device of occasional joint mtgs of HICOM and ISG comites. In any event, it seems to me that some program for dealing with the work must be devised very quickly and decision made as to where work is going to be done. As we have not received your proposals wld like suggest for your consideration some allocation of work along foll lines:

A. *Subjs to be considered by HICOM*

I. Questions relating to Allied position in Ger.

a. Abolition of HICOM and related problems.
b. Civil Affairs agreement.
c. Basis for continuing reorientation activities.
d. Radio frequencies.
e. Legal problems—war criminals, occ courts, etc.

II. Disposition of Allied programs and controls within Ger.

a. Human rights.
b. Constitutional issues.
c. Problems relating to Ber and Sov Zone.
d. Decartelization and Deconcentration.

B. *Subjs to be considered by ISG*

I. Matters held over from New York.

a. PLI
b. Debts and claims
c. For interests
d. Restitution

In addition, I believe both HICOM and ISG shld study question

a. International agreements (final action on Reich treaties and clarification of agreements made by Allies binding Ger).
b. FedRep membership in international orgs.
c. Waiver of Claims.
d. Civil Aviation.

In addition, I believe both HICOM and ISG shld study question whether there are any peace treaty type problems not yet specifically identified which can be disposed of under Brussels Directive. We believe there may be a number of problems, the solution to which has been deferred but which shld now be taken up, such as waiver of claims.

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[6] For documentation on the work of the Intergovernmental Study Group on Germany (ISG), see pp. 1317 ff.

ISG will of course proceed with study of problem referred to it in last para of Brussels Directive.

I shld like make clear that what I am talking about is planning and preparatory work which must be done on Allied side. Question of how to negot all these questions with Gers is separate issue, although very difficult one. To extent that other countries will be involved in negot of multilateral agreements, it does not seem to me that it will be feasible to carry on negots through HICOM. This is problem which will have to be studied but which does not need be answered immediately.

[Byroade]
Acheson

740.5/1-1651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

TOP SECRET FRANKFURT, January 16, 1951—2 p. m.

5840. We have had several informal conversations with Blankenhorn in last few days re implementation of Brussels decisions. He has repeatedly emphasized that unless some positive statement outlining a new relationship between allies and Germany could promptly be forthcoming, situation here would continue to deteriorate. In his opinion, and this is confirmed from other sources, drift toward neutralism is becoming more pronounced. Blankenhorn argued Chancellor's position in face of this drift was becoming increasingly insecure since it was being claimed that he was getting nowhere in his talks with allies.

Blankenhorn insisted that what was now needed was not a review of Occupation Statute paragraph by paragraph striking out certain powers leaving framework intact, which he feared was all that Brussels had decided, but a statement of principle that Germany would be given its sovereignty at an unspecified future date, that present HICOM setup would be liquidated as soon as possible, and that negotiations looking toward a security treaty would be undertaken at once. He said Chancellor felt this was only way in which progress could be made. His speech at Bielefeld Sunday indicated this line.[2]

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[1] Repeated to Paris and London.

[2] In his address to a meeting of the CDU at Bielefeld on January 14 Adenauer had stated that the German people adhered to the West, that the Occupation Statute must be replaced by a contractual relationship, that German participation in Western defense must be on an equal footing with other powers, that the Federal Republic needed financial aid from the West, and that the Four-Power Conference must avoid decisions which would injure Germany. HICOG reported on the speech in telegram 5850, January 16 (962A.61/1-1651).

We have pointed out that Chancellor's formula seems very one-sided, that Germany would be receiving substantial concessions without any real commitments on its part with respect to future development of European community. We have suggested that it is far more important now to prepare a program rather than to deal at this time with statement of principles, which would be difficult to negotiate, pointing out that end results of achieving a series of contractual relations would probably be to put Germany in a more favorable position than if we endeavored to solve at this time question of sovereignty. We are urging Germans to study what is meant by a contractual relationship and have said that it will be necessary for allies, for their own security, for defense of Germany as well as of Western Europe obtain definite safeguards concerning status of their troops in Germany and the authority to act in event of an emergency.

Blankenhorn asked whether the two procedures could be adopted concurrently; namely, allies and Germans should work out series of agreements necessary to place their relations on contractual basis and meanwhile allies would negotiate with Chancellor formula along lines of draft contained in our immediately following telegram.[3] This formula had been prepared as a very rough draft but Chancellor would like an opportunity to discuss it with High Commissioners if we felt it could serve dual purpose of establishing a future firm basis for our relations with Germany and of giving German public opinion a concrete assurance of progress at this stage.

McCLOY

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[3] Telegram 5841, *infra*.

740.5/1-1651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

TOP SECRET FRANKFURT, January 16, 1951—2 p. m.

5841. Following is draft referred to in mytel sent Department 5840 repeated London 494, Paris 539, January 16.[2]

"Federal Chancellor and three High Commissioners have met in Petersberg to discuss question of German contribution to European defense and to preservation of peace. An agreement was reached about following joint declaration of principles:

> I. At New York conference of September 19, 1950 Foreign Ministers of France, Great Britain, USA stated they would regard any attack upon Federal Republic or upon Berlin, from

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[1] Repeated to Paris and London.

[2] *Supra.*

whatever side it might come, as an attack upon themselves.[3] To make this guarantee effective the three allied powers have agreed to increase and to reinforce within shortest possible period their troops stationed within Federal territory.

At conference of Brussels representatives of twelve Atlantic Treaty powers resolved on December 20, 1950 to organize for defense of Europe and defense of peace a joint army under a unified high command.[4] Furthermore, twelve Atlantic Treaty powers expressed wish that Federal Republic of Germany should participate in joint army in form of German contingents, whereby extent and manner of German contribution remains to be settled by conclusion of contractual agreement with Federal Republic.

II. Federal Government, motivated by desire to make on its part a substantial contribution to joint defense in interest of preservation of peace and security of Europe, is prepared to make available German contingents for joint army on basis of complete equality.

III. Recognizing that an effective participation of Federal Republic of Germany in joint defense of Europe is based upon Federal Republic being integrated into system of European states as member with equal rights and equal obligations, three High Commissioners have transmitted to Federal Chancellor declaration on behalf of their governments that they are prepared to lift unilaterally imposed Occupation Statute and to regulate relations between Federal Republic and three allied powers by a system of contractual agreements.

Federal Chancellor and three High Commissioners agree that completion of this aim requires detailed preliminary work and negotiations which would extend over a fairly long period of time. The preliminary work will, however, be started immediately.

IV. Federal Government recognizes that presence of allied security troops within territory of Federal Republic creates special obligations for Federal Republic. It is prepared to accept these obligations on a contractual basis in a binding manner and to undertake:

A. To grant allied troops within territory of Federal Republic all rights and facilities which are required for carrying out of their tasks in common defense of Western Europe.

B. To make a financial contribution for joint defense of Europe in accordance with its economic capacity and under consideration of its special social charges."[5]

McCloy

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[3] For documentation on the Foreign Ministers meetings at New York, September 12–19, 1950, including the text of the communiqué under reference here, see *Foreign Relations*, 1950, vol. III, pp. 1108 ff.

[4] For documentation on the sixth session of the NATO Council at Brussels, December 18–19, 1950, see *ibid.*, pp. 585 ff.

[5] On January 19 the Department of State informed McCloy that it could see the value from the German viewpoint of a positive statement of this sort but that it had serious doubts about negotiating an agreed formula. The West German draft "in addition to being much too one-sided, wld tend to commit us in advance and tie our hands both with respect to procedure and substance of HICOM-Ger negots." The Department of State also questioned the desirability of any statement that made Allied concessions on the new relationship appear to be the price for German participation in Western defense. (Telegram 5004 to Frankfurt, January 16, 740.5/1–1651)

396.1-ISG/1-1651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET FRANKFURT, January 16, 1951—8 p. m.

5873. For Byroade. It was not our intention in Bonn's 427 [1] to propose procedure inconsistent with terms of reference for HICOM and ISG approved in Brussels, but merely to point out that little progress could be made on some of subjects suggested Deptel 4585 [2] for initial ISG consideration until discussions had taken place with Germans. This had particular reference to status of treaties and membership in international organizations. In latter connection, procedures have already been agreed and are in operation.

We fully appreciate it will be necessary for ISG to deal with certain matters requiring multilateral consideration and agreement as well as with matters held over from New York but have been awaiting preliminary tripartite discussions here before making final recommendations as to allocation of work.

A special committee was set up at last council meeting and starts its work tomorrow to draw up such recommendations and to consider series of agreements necessary to establish relations between occupying powers and Germany on as broad contractual basis as possible.[3] As we see it here, the matters to be dealt with fall roughly into four main groups.

1. Security and support of Allied forces in Germany. This raises such questions as those relating to change from an occupation to garrison status, reduction of occupation costs, facilities and other support to be supplied by Germany.
2. Germany's contribution to Western European defense system. The problems in this group relate to agreements to be reached within agreed NATO framework in respect to Germany's armed forces and their component parts, production of military supplies, etc.
3. International questions which effect not only the occupying powers, but other countries as well, i.e. Germany's role in foreign affairs, settlement of claims, assumption of treaty obligations, further steps in respect to reparations, restitution etc.
4. Other questions primarily concern three occupation powers which roughly corresponds to your group A-2.

Preliminary work on preparation of studies under these general headings, has already begun here and shows that many more subjects will have to be included than those listed in Deptel 4873.[4] List follows by air mail.[5]

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[1] Not printed, but see footnote 3, p. 1449.

[2] For text, see *Foreign Relations*, 1950, vol. IV, p. 817.

[3] The composition and tasks of the Special Committee in its preliminary work, beyond those indicated in the numbered paragraphs below, have not been further identified. Regarding the regular meetings of the Special Committee starting April 13, see editorial note, p. 1472.

As reported in recent telegrams, our preliminary informal talks with Germans indicate Federal Government is insisting upon necessity of arriving at agreement upon the question of Germany's future status prior to developing the series of contractual agreements necessary to bring this about. This would immediately raise question of supreme authority and is undesirable in that it will result in agreeing to concessions to Germans for local political reasons without obtaining more in return than general assurances which may not be readily convertible into realities due to parliamentary delays and possible opposition. Furthermore, it would undoubtedly give rise to difficulties with French and possibly British.

We will report further following preliminary talks this week with British and French.

McCloy

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[4] Dated January 12, p. 1449.

[5] The list under reference has not been identified further.

740.5/1-1851 : Telegram

The Ambassador in France (Bruce) to the Secretary of State [1]

SECRET PARIS, January 18, 1951—8 p. m.

4167. Substance Deptel 3687, January 12 (3378 to London, repeated Frankfort 4857)[2] conveyed to FonOff and has been most useful in bringing tentative French position into sharper focus. Sauvagnargues has furnished us informal memorandum of comments which is going forward by pouch and whose principal points, supplemented by oral observations, are as follows:

FonOff gratified that Department perceives necessity of preserving "supreme authority or right of intervention" in Germany to permit control of security arrangements and to maintain basis for future negotiations with Russians. They find implicit in this view our recognition that the right of intervention cannot itself be based on contractual arrangement. As far as Brussels decisions are concerned, for instance, if we did not retain supreme authority, Sauvagnargues said, we would be "just where we were in 1919". French consider this point of crucial importance, which if agreed now would reduce all other questions concerning removal of controls to questions of detail. Once the "upper limit" of what we can concede to the Germans is agreed upon, the French will not find it difficult going along with us in conferring *de facto* equality upon FedRep.

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[1] Repeated to London and Frankfurt.

[2] *Ante*, p. 1447.

FonOff emphatically disagrees however with view expressed in reftel that it is not clear whether Germans will push us to surrender supreme authority. They consider that Adenauer has recognized this as crux of forthcoming negotiations with Allies and that he believes that if FedRep can obtain *de jure* equality with Allies, all other German claims will automatically take care of themselves. Sauvagnargues said first two sessions in Bonn with Blank and the Generals brought this fact out clearly, and incidentally also showed that German military contribution will depend less upon political concessions than upon buildup of Allied strength in Germany.[3] French think that when Adenauer speaks of contractual arrangements, he has in mind not *de facto* equality but full sovereignty for Germany and nullification of its unconditional surrender. They are afraid that we may not attach sufficient importance to distinction between these concepts.

Key paragraph of Sauvagnargues' memorandum on this point reads:

. . . .

Additional FonOff arguments against conferring sovereignty upon FedRep include the following:

(1) We would in FonOff view be unable to discuss Germany with Soviets without presence of FedRep representatives, which would be unacceptable to Russians:

(2) Re Berlin, while it is true that Soviets claimed in 1948 that we had forfeited right to remain there, the *modus vivendi* worked out in Paris 1949 constitutes new recognition of our right.[4] Moreover whatever our own rights to presence or access to Berlin may be a sovereign FedRep would certainly have none in Soviet eyes.

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[3] For reports on the first two meetings at Bonn between the Deputy High Commissioners and representatives of the Federal Republic concerning a German contribution to the defense of Europe, see telegrams 449, January 10 and 463, January 17, pp. 990 and 992.

[4] For documentation on the sixth session of the Council of Foreign Ministers held at Paris May 23–June 20, 1949, including the *modus vivendi* for Berlin, see *Foreign Relations*, 1949, vol. III, pp. 856 ff.

(3) Our military presence in Germany, if based on contractual agreement would be "precarious" and would become more so as German military strength increased;

(4) Since relinquishment of supreme authority would be tantamount to nullification of Germany's unconditional surrender, which was accepted quadripartitely, such relinquishment would in effect close door on future quadripartite consideration of German problem.

(5) The Saar question would become troublesome;[5]

(6) Placing presence of Western troops in Germany on contractual basis would mean termination of occupation costs which French unable to contemplate;

(7) Sovereign Germany would be more irredentist and nationalistic, hence less amenable to moves toward Western European federation.[6]

Bruce

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[5] For documentation on the question of the Saar, see pp. 1970 ff.

[6] Copies of the informal French memorandum and an English translation were transmitted as enclosures to despatch 1955, January 18, from Paris, not printed (762A.5/1-1851); another account of the conversation with Sauvagnargues, substantially the same as that transmitted in telegram 4167, was sent as an enclosure to a letter from Herz to Laukhuff, dated January 16, not printed (740.5/1-1651).

762A.0221/1-2551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY Bonn, January 25, 1951—midnight.

481. AGSec from Slater. Following is summary of executive session HICOM Council held Bonn-Petersberg 25 January 1951:

[Here follows numbered paragraph 1, printed page 1411; in numbered paragraph 2 McCloy reported that the Council agreed to forward to the Governments fortnightly reports on the technical discussions at Bonn.]

3. *Prospective discussion on contractual arrangements.* Kirkpatrick reported long conversation with Chancellor on this subject, in which he proposed to Chancellor that abstract question of sovereignty should be left to one side and attention concentrated on those HICOM mandatory powers which Allied governments were prepared to convert to contractual arrangements. He said he advised Adenauer not to make a public issue of claim for sovereignty pointing out that if it were granted Adenauer, for example, would be forced into position of having to deal with Chuikov. He said Chancellor accepted this but emphasized that no publicity should be given to rejection of original German approach to HICOM on sovereignty question. Adenauer then requested (*a*) that HICOM should on an entirely informal basis submit to him list of points on which contractual agreements might be

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[1] Repeated to Paris, London, Berlin, and Frankfurt.

negotiated; (*b*) that, since it would take considerable time to complete negotiations for contractual arrangements, and Bundestag would not be content with mere list of "matters under study", HICOM should now issue general declaration of intention as to new relationships. Kirkpatrick said he then made it clear to Adenauer that Brussels decision to [put?] relations on contractual basis was based on expectation that FedRep would participate in West European defense. There was, therefore, no question of Allied governments making a binding declaration now, leaving it in air whether or not Germans participated in Western defense. He said, however, that HICOM might be prepared to make public declaration, not of treaty character, to effect that if FedRep decided to participate in Western defense new situation would be created in which relations between occupation powers and Germans would have to be adjusted. Berard said it was view his government that contractual *negotiations* should not begin until New York decisions were in force. On this point Kirkpatrick and I both pointed out that Poncet had already told Chancellor that negotiations could begin, although decisions on contractual arrangements could not be *implemented* until New York decisions were put into effect.

Council agreed to submit to Chancellor and for informal discussion with FedRep representatives, a list of points (to be prepared by special committee after consultation with other committees concerned) and to inform him HICOM ready to discuss possibility of declaration along lines Kirkpatrick's proposal above.[2] Council agreed, at my suggestion, to press Chancellor now to consult and work with representatives of other parties and interests in German preparations for these negotiations to prevent, if possible, repetition political stalemate which has blocked FedRep agreement on New York decisions. I also pointed to necessity to associate military representatives with any discussion on contractual arrangement particularly re status and rights of Allied troops in FedRep territory.

Adenauer has also reported that Eisenhower had made strong impression on SPD leaders and that, with proper handling, they might now be brought over to support of German participation in Western defense.[3]

[Here follows numbered paragraph 4 in which McCloy reported on codetermination negotiations between labor and management in the German iron, steel, and coal industries.] [SLATER]

McCLOY

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[2] On February 1 Embassy Paris reported that the French Foreign Ministry was instructing François-Poncet to oppose this procedure and that instead it wanted Adenauer to submit a list of points. (Telegram 4550, February 1, 750.5/2-151)

[3] For documentation on General Eisenhower's visit to Germany, January 20-23, see telegram 6080, January 24, pp. 445.

740.5/1-3051 : Telegram

The Ambassador in the United Kingdom (Gifford) to the Secretary of State[1]

SECRET LONDON, January 30, 1951—2 p. m.

4181. Allen informs us that Foreign Office has studied views set forth Deptel 3378, January 12, repeated Paris 3687 Frankfort 4857,[2] and finds itself "in pretty close agreement" with them. (Embtel 3969 January 17[3]) following summary his oral comments on specific paragraphs Department reftel.

Paragraph 2: Foreign Office fully agree that decision to retain supreme authority must depend on legal considerations and political necessities and like Department is uncertain whether or not Germans will press for its surrender. In latter connection British had considered desirability of requesting HICOM to discuss supreme authority question with Adenauer on informal basis with view to dissuading him from raising it at this time, but in light attitude displayed by Chancellor in his recent conversation with Kirkpatrick mentioned Bonn's 481 January 25[4] they now believe there is no need to pursue matter further for time being.

Paragraphs 3 and 4: Foreign Office consider that supreme authority should be retained "in some form." While British do not believe that its relinquishment would affect west powers right to be in Berlin, they do feel that such step would undoubtedly raise further difficulties re access to city. Soviet might well seek to make point that right of access directly related to supreme authority and hence surrender latter would invalidate right. Even if Soviet should not make this charge, British believe Soviet would endeavor counter effect relinquishment supreme authority by west powers by giving more power to GDR and that latter in turn would probably attempt to interfere with access. In such case, Soviets would be in position to "brush off" protests by west on grounds that these should be properly directed to GDR.

Paragraph 5: "Broadly speaking" Foreign Office thinking corresponds to that of Department. British however, consider that relinquishment supreme authority before unification would make it far more difficult to obtain eventual peace treaty.

Paragraph 7: Foreign Office's views same as those of Department.

Paragraph 8: British agree that most immediate task should be formulation contractual arrangements. They believe that retention supreme authority which as indicated above they favor, would be inconsistent replacement HICOM by Ambassadors since latter are traditionally representatives to fully sovereign state. In circumstances, British suggest that formula corresponding to that in Austria might be adopted under which chief west power representatives in Federal Republic would wear two hats.

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[1] Repeated to Paris and Frankfurt.

[2] *Ante*, p. 1447.

[3] Not printed; it reported that the Department of State's views on contractual relations had been discussed briefly with the British Foreign Office and would be discussed further (740.5/1-1751).

[4] *Supra*.

Paragraphs 9 and 10: British fully concur with Department's thinking UK HICOM being instructed to discuss Foreign Office views summarized above with HICOG.

GIFFORD

762A.00/2–951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET BONN, February 9, 1951—2 a. m.

524. AGSec from Slater. Following is brief summary report of executive sessions HICOM Council held 8 February on implementation of Brussels decisions:

1. *Contractual Agreements.*

Kirkpatrick announced receipt of Foreign Office cable which:

(*a*) Expressed misgivings re proposed declaration which included reference to Federal Republic defense contribution (reference paragraph 3 of Bonn's sent Department 481, repeated Paris 130, London 130, Frankfort 551[2]). Foreign Office concerned that Germans would enter into series of contractual arrangements and then declare that they were not disposed to go through with defense contributions;

(*b*) Implied that HICOM, in view of fact that it was maintaining supreme authority, could not state that it was ready to proceed to adjust the relationship between itself and Federal Republic by contractual arrangements which would be binding on both parties. (Kirkpatrick pointed out that if we told Federal Republic that these were not binding contracts, they would have no value at all.);

(*c*) Raised doubts re value of submitting to Federal Republic as detailed a list of problems to be studied in relation to political decisions of Brussels Conference, as that proposed by HICOG. Kirkpatrick explained that London did not realize that this list was not a list of topics for *negotiation* but rather was designed to give some notion of the magnitude of task of adjusting HICOM–Federal Republic relationship on a contractual basis.

I pointed out that above statement represented complete reversal of decisions previously reached in HICOM Council; whereupon Kirkpatrick admitted that there was misapprehension in Foreign Office as to purpose of HICOM program and that he would go to London in an attempt to straighten this matter out.

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[1] Repeated to Frankfurt, Paris, and London.

[2] Dated January 25, p. 1458.

During course of discussion, I made following points, *inter-alia:*

(*a*) That relationship between contractual agreements and German defense contribution was already announced at Brussels and Federal Republic had accepted this concept;

(*b*) That Council had already discussed question of supreme authority with Adenauer (see Bonn's sent Department 414, repeated Frankfort 467, Berlin 160, Paris 107, London 106 of 22 December[3]);

(*c*) That Adenauer had already asked questions which indicated that he and other German authorities did not comprehend scope of problems involved in placing HICOM–Federal Republic relationship on contractual basis. Thus, if we show him what is involved and what HICOM requires, which is the purpose of list referred to above, he will be forced to give more thought to matter and to make counterproposals rather than merely expressing, as he has in the past, the general German point of view in Bonn which is that High Commissioners afford Federal Republic at once a security treaty, equality, adequate forces in Germany, financial support, et cetera. Furthermore, if HICOM puts forward its proposals now, it may get greater concessions than at a later date when its bargaining power would probably not be as great. I agreed that list referred to above should be handed to Blankenhorn *informally* and *without commitment* on HICOM's part. HICOM would inform him upon transmission that this list was merely designed to indicate magnitude of problems involved and to reflect HICOM's present approach.

Poncet pointed out that HICOM's retention of supreme authority does not negate possibility of individual HICOM–Federal Republic contracts because if contracts were faithfully carried out, they would remain in force. He agreed that list could be discussed informally with Federal Republic but that extreme care should be taken in order to prevent any HICOM commitments at this point. In his opinion, Adenauer's more recent requests are leaning toward Schumacher position i.e., full sovereignty and equality for Federal Republic before affording any defense contribution. Poncet also expressed concern that Bundestag might refuse, even after pledge of Adenauer Government, to vote credits for defense, thus leading to a situation where HICOM had given everything and received nothing.

Kirkpatrick concluded by expressing concern that Adenauer's program might be "to take HICOM down the river" in stages; i.e., three months ago he stated that it would take considerable time to conclude contracts; now he states that they should be concluded at once; and in April he might state that political situation is such that HICOM should not ask for defense contribution first but should agree immediately to contractual arrangements in order to help him get support in the Bundestag.

Council agreed to defer further discussion of list and draft declaration until Kirkpatrick returned from London.

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[3] Not printed (762.0221/12–2250).

[Here follows part 2 of this telegram in which the High Commissioners discussed a German defense contribution, printed page 1011.]

[SLATER]
MCCLOY

740.5/2-1951: Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

SECRET PARIS, February 19, 1951—noon.

4893. Sauvagnargues has showed us report of conversations which Guiringaud recently had with Blankenhorn and which are greatly disturbing Foreign Office because they reinforce its well-known fears that Adenauer may not really be interested in contractual agreements but wants declaration from us that full sovereignty of Federal Republic will be established, before Germans make any commitments re defense contribution. Sauvagnargues considers that Blankenhorn "put Adenauer's cards on the table" and that conversation showed that Federal Republic does not think in terms of gradual transformation of its status but wants everything, and that right away. Paper based on the Guiringaud-Blankenhorn conversations and containing Foreign Office comments upon them being airpouched (Embdesp 2333, February 18[2]).

Re contractual arrangements, Blankenhorn said to have indicated that these would cover "all" allied relations with Federal Republic, with no reference to subjects reserved for peace treaty. Implication was that German opinion would be lead to believe that Federal Republic has received supreme authority, and another implication according to Foreign Office is that after allies have promised full sovereignty, Germans would then in their own good time decide about defense contribution.

Re future working relationship with Germany, Blankenhorn is said to have implied that Adenauer expects to have allied ambassadors act individually and not through council of ambassadors or similar institution; but that on the other hand "new organism" would be created that would insure that allies discuss German subjects with Russians only after full debate and agreement with Germans. When Guiringaud objected, Blankenhorn withdrew by saying "consultation" of Federal Republic Government would suffice. From this exchange, Foreign Office professes to deduce that Adenauer expects "full equality" with us in later consultations concerning tripartite tactics re Germany.

We are unable to see in these conversations quite the implications that Sauvagnargues sees in them, but the document is now circulating in Foreign Office and will probably result in new suggestion from

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[1] Repeated to London and Frankfurt.

[2] Not printed.

French, somewhat along lines of our 4550, February 1,[3] that we secure as soon as possible an official expression from Federal Republic as to what they propose with respect to the contractual arrangements, placing burden upon them to solve problems thus raised, and resulting in clear tripartite statement to Adenauer re sovereignty, to counteract what French consider dangerous drift in Federal Republic position. Meanwhile Foreign Office will appreciate Department's informal comments.

BRUCE

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[3] Not printed, but see footnote 2, p. 1459.

762A.0221/2-2251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BERLIN, February 22, 1951—midnight.

1071. For Byroade to decide distribution. AGSec from Slater. Council in executive session held Berlin 22 February considered following documents prepared by special committee:

(*a*) List of problems which might be studied in relation to political decisions of Brussels conference.

(*b*) *Aide-mémoire* covering list to be handed informally to Federal Republic and draft declaration of intention requested by Adenauer.

a. List of some of the problems to be studied.

Council approved this list with deletion of subject "waiver of claims by Germany" which both Kirkpatrick and I believed should be retained but finally agreed to delete in view of adament position taken by Poncet. We also agreed to change title to indicate that this list should neither be considered as all inclusive nor as binding in any way. It was agreed to transmit informally list as soon as possible to Federal Republic in order that they may appreciate scope of problems involved in adjusting HICOM-Federal Republic relationship and in order that they would be in position to set up organization to study such problems. (Copies revised list being air pouched Department ISG.[2])

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[1] Repeated to Frankfurt, Paris, London, and Bonn.

[2] No copy of the revised list has been found in Department of State files; however, a copy of such a list, transmitted on February 10, indicated the following categories of topics to be studied:

"I. Determination of questions which can only be settled in the peace treaty.

II. Security questions in relation to Germany's Military and Economic Contribution to the Western European Defense System.

III. Security and Material Support of the Allied Forces.

IV. Questions concerning policies of the Occupying Powers in relation to German internal affairs.

V. Questions concerning foreign affairs or involving international agreements or foreign interests.

VI. Questions affecting Berlin." Enclosure 1 to despatch 2609 from Frankfurt, not printed (762A.0221/2-1051).

A copy of the revised list, embodying 39 points for discussion with the Germans, was presented to representatives of the Federal Republic on February 27.

b. Aide-mémoire to accompany list of problems and HICOM declaration of intention.

As result of lengthy discussion, Council agreed that for present time HICOM would not make public any declaration of intention as requested by Adenauer, but rather would include thoughts which might be contained in such a declaration in an *aide-mémoire* which would be handed to Federal Republic at time of transmitting list of problems referred to above. HICOM special committee will meet with three High Commissioners in Berlin tomorrow to finalize text of *aide-mémoire*. (Final text will be air pouched Department.[3])

As basis for its discussion, Council used following draft statements of intention submitted by special committee:

US and French proposal—"conclusion of arrangements for German contribution to western defense will create new situation, as natural consequence of which Allies will wish to adjust relationship between themselves and Federal Republic. They are ready to proceed thereto by contractual arrangements which will be binding on both parties and should cover all aspects of those relations except such problems as must be reserved for peace settlement. Preliminary studies to this end are underway".

UK proposal—"As further step in adjusting relationship between themselves and Federal Republic, occupying powers are ready to replace their remaining reserved powers by contractual arrangements binding on both parties, subject only to obligation of allies to safeguard certain questions which can only be dealt with in eventual peace settlement.

"Some of these contractual arrangements might enter into force at early date. But others would only come into force when agreement had been [apparent omission] regard to German contribution to western defense."

In reaching its decision to withdraw declaration of intention and to hold up publication of such a declaration until a more opportune time when it would probably have greater effect (e.g. after some such event as possible failure of proposed four-power meeting), following points were made:

(i) Kirkpatrick stated that in New York it was agreed that there should continue to take place a political evolution involving transfer of HICOM functions and powers to Federal Republic. Therefore, HICOM's could not now state that any further change in its powers and functions would have to await actual German participation in Western Defense. In his opinion, certain contracts transferring specific HICOM powers to Federal Republic might come in advance of German participation in western defense. Kirkpatrick stressed however that HICOM could not abandon its basic powers before German military contribution had been made and that in discussions with Adenauer, latter had reluctantly admitted that he could not expect complete abandonment at this time by Allies of their controls in Germany. At same time, Kirkpatrick was anxious not to tell Federal Republic that allies would not permit any relaxation of controls to enter into effect until German military contribution was forthcoming, as this would be interpreted as a form of blackmail. In this connection, he proposed, in view of present stalemate in ISG, re revision of PLI, that certain modifications could be made at once as manifestation of HICOM's willingness to continue its program of gradual relaxation of Allied controls in Germany. He stated that he has recommended to London that agreement be given at once by ISG.

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[3] No record of the text of the *aide-mémoire* under reference has been found in Department of State files.

> (*a*) For construction of approximately 16 special ships, orders for which are now outstanding, (*b*) that restrictions with respect to production of chlorine should be lifted, (*c*) that restrictions be lifted with respect to Fischer–Tropsch process and production of buna rubber.

Finally, Kirkpatrick urged that declaration of intention be held up as it would neither help Adenauer in getting through a *wehrgesetz* (which was the original purpose of a declaration) nor would it receive much publicity at all at this time. In any event, HICOM should keep this "plum" for release at time when it might have a greater effect.

(ii) Poncet, in opposing entry into force of any contractual arrangements before German contribution to Western defense, stated that some type of general security pact might be only way to bind Germany to the West. If FedRep took everything from HICOM without unqualified alignment with West in form of a treaty, Germans might, having received these benefits, state their neutrality or even desire to align themselves with the East. In this connection, he pointed out that Adenauer's present political situation was so insecure that Allies could not be sure who would be chancellor in 6 months time. Poncet agreed that although discussions and studies on contractual arrangements with Federal Republic should proceed he favored keeping declaration of inflation [*intention*] on ice.

(iii) Although I agreed we had to move forward in our program of evolution toward greater relaxation of Allied controls in Germany [I stated?] that conclusion of contractual arrangements with FedRep should only arise out of the new situation which would be created by German participation in Western defense. Furthermore, I informed them that I had already pointed out to Adenauer that HICOM would not abandon its powers only to find that Federal Republic was taking a neutral position, and that although we would not hand them an ultimatum, Allies must retain our fundamental powers until the situation had been much further advanced. I expressed concern re crisis over Schuman plan and apparent French desire not to give way on any front pending settlement of this and other issues. I warned that any retrogression must be avoided, particularly if it led to any great western allied controversy with Federal Republic which would weaken western position in proposed four-power conference.

Finally, I went on record as stating that there had been no change in US policy toward Germany since Brussels and stressed that US had never desired to force conscription on Germans. [SLATER.]

McCLOY

396.1/3–2151 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET BONN, March 21, 1951—5 p. m.

653. AGSec from Slater. Following is brief summary report of mtg between HICOM special comite and ISG alternates (Reinstein, Stevens chairman, and Sauvagnargues) held Bonn–Petersberg 20 Mar 1951:

(1) *Contractual arrangements and principle of sovereignty.* Sauvagnargues repeatedly attempted to involve mtg in discussion of principle of sovereignty and definition of term "contractual agreement". He stated Allies must agree on "definition and status" of contractual agreements as Gers wld surely continue to press HICOM for such definition. He questioned whether contractual agreements shld be considered as "treaties or contracts" in normal sense or rather merely as agrmts between Allied and Ger authorities within Germany and not as treaties or contracts between High Comms as *reps of their govts* and Fed Govt, i.e. HICOM wld continue to represent ultimate authority and sovereignty in Germany but it cld, without prejudice to its ultimate position, delegate certain of its sovereignty and authority to FedRep. O'Neill replied that contracts wld represent intergovernmental agrmts which, after being ratified by Bundestag, wld become article of Ger law. Reber argued that no useful purpose wld be served by discussion of principles at this time. Rather, it was necessary to examine practical aspects of problem before reaching final conclusion on question of principles. He stressed that in accordance with Brussels decisions, HICOM has informed FedRep that it is prepared to place its contractual arrangements with FedRep on broad basis as possible. Contractual arrangements will progressively cover all aspects of HICOM relations with FedRep except on those matters which must be reserved for final peace settlement. HICOM has not yet reached stage where it is possible to identify problems to be reserved for peace settlement. Finally, Reber urged that HICOM proceed quickly to draw up for consideration of govts, after discussion with FedRep, recommendations as to future HICOM–FedRep relationship.

(2) *Problem of dealing with interests of non-occupying powers in contractual arrangements.* Mtg briefly discussed problem of associating interested non-occupying powers with studies arising out of implementation Brussels decisions. It was generally agreed that no program for such consultation cld be established now but rather time, manner and form of such consultations cld only be agreed on a "study-by-study basis."

[Here follows the text of parts 3–5 of this telegram, in which the work of the Intergovernmental Study Group on Germany was discussed; see page 1390.]

[SLATER]
MCCLOY

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[1] Repeated to London, Paris, and Frankfurt.

762A.00/4-551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BONN, April 5, 1951—11 a. m.

697. AGSec from Slater. Following is brief summary report of mtg between HICOM Council and Chancellor Adenauer held Bonn-Petersberg 5 Apr, Kirkpatrick (UK) Chairman, Hays (US), and Poncet (French).

[Here follow numbered paragraphs 1–4 in which the revised Prohibited and Limited Industries Agreement, the restitution agreement between Mannesman Dehrenwerke and Hahn family group, coal stockpiling in Berlin, and German participation in illegal East-West trade were discussed.]

5. *Allied security guarantee to Fed Republic.*

Major portion of today's mtg was concerned with Adenauer's plea that reinforcement of troops in Fed Republican area be accomplished on urgent basis. In support of this plea, Adenauer made following points, *inter alia;*

(*a*) Poncet as chairman after Sept NY FonMin Conf had assured him that Allies had given complete guarantee of security to Fed Republic and in order to give expression to this guarantee, Allies would substantially increase their garrison in Ger (see Bonn sent Dept 165, rptd Frankfort 185, Berlin 74, Paris 29, London 32 of 24 Sept[2]). Since NY conf nearly seven months have passed without realization reinforcement program.

(*b*) Public restlessness had increased in spite of present Four-Power agenda talks and prospect for CFM mtg. Sov and fifth column activities were spreading alarm among Gers. He had reliable info and proof that since GDR failed in its "unity campaign", their subversive program had been strengthened. Korean war[3] and recent events in Persia[4] would make necessary even greater concentration of mil force in Orient. Menace of Sov attack from East Zone unchanged.

(*c*) HICOM–Fed Republic discussions between mil experts were at standstill and "one-sided and theoretical in nature". FedRep was continuing these discussions only due to fact that to interrupt them wld cause "extensive unfavorable repercussions".

(*d*) He admired Eisenhower "for taking over command of an army which was not very large".

(*e*) If he were leader of SPD opposition, he would not attack Schuman Plan but wld ask "what had been done to implement allied promises which Chancellor announced in Bundestag after FonMin New York conference?" Adenauer emphasized he could only answer that FedRep budget had been increased and land for a few airfields had been requested and he couldn't say anything about allied strategic plans, when troops would come, or whether his mil experts believed West allied defense plans could meet with success.

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[1] Repeated to Moscow, Paris, London, Frankfurt, and Berlin.

[2] Not printed.

[3] For documentation regarding the Korean conflict, see volume VII.

[4] For documentation on the Anglo-Iranian Oil Company dispute see volume V.

(*f*) According to his mil experts, Soviet Army was always very weak in protecting flanks. His experts had concluded that if 12 divisions could be established on or near Soviet zone border in the north and 12 on or near border in south, with a strong force in the center, "there would be no Soviet attack". Allied troops, even if supported by Ger contingents, could not stop a Soviet frontal attack".

(*g*) He outlined at great length growing strength of extreme right parties particularly in Lower Saxony where 3000 or 4000 mtgs were being staged by right extremists in preparation for May landtag elections. "A calm Bundestag Deputy" had informed him that the extreme Socialist Reich Partei in Lower Saxony wld have 11 of 120 members in Landtag. He underscored seriousness of fact that Bundestag President Eulers was recently shouted down during speech and that President Heuss was molested in Easter weekend speech at Salzgitter by FDJ from Soviet zone. In his opinion police won't do anything against such demonstrations. He cited "very close connection between extreme right and SED". All of the above wld have been "impossible and unimaginable two years ago". These agitators have now come out in open and are successful in influencing a restless public. Large group of "fencesitters" was being created by program of extreme rightists. In order to check this "mental instability among Ger population," Gers must see substantial deployment of western allied force in FedRep area. Therefore, urgently requested that western allied troop reinforcements be despatched as soon as possible. These troops shld show themselves frequently to Ger public. The campaign for next Bundestag wld commence in two years. He predicted that if during next one, two months there wasn't a great demonstration of the might of Western allies in FedRep area, right extremists wld gain great importance in the next Bundestag. In reply to Adenauer, Kirkpatrick stated that with respect to troop reinforcements in Ger in particular and west defense efforts in general, Adenauer appeared to be a little pessimistic.

Kirkpatrick cited increased UK troop strength in its zone and offered to give Adenauer in confidence info on deployment of UK Armored and Air Forces. Poncet added allies had always made it clear reinforcements wld only begin to arrive in numbers in April, further the 500,000-man force to be established in West Ger represented a substantial force.

In course of above discussion, council agreed:

(i) To transmit to their govts Adenauer's request that "arrangements be made to inform either him or Fed Govt (through "suitable experts") as to manner in which they intended to fulfill western allied security guarantee extended to FedRep". (Adenauer promised to make his remarks subject of a memo which he wld send to HICOM as soon as possible. Will forward Dept upon receipt [5]).

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[5] Transmitted in telegram 732, *infra*.

(ii) To forward to Eisenhower, Adenauer's suggestion that Ger Generals who had had extensive combat experience against Soviets shld be given opportunity to make their knowledge of Soviet methods and operation available to Western Allies.

6. *Ger mil instructors in Syria.*

After completion above discussion Adenauer referred to fact Fed Govt had been requested by certain Ger "mil instructors" in Syria that they be recognized as a FedRep mil mission there. He implied French had asked FedRep to authorize such a mission. Poncet replied France had no troops in Syria and nature of reply to these Ger "mil instructors" was problem for Fed Govt to resolve. Poncet denied that French had asked FedRep to recognize such a mission and pointed out that Syria was an independent country.

7. *Iranian request for Schacht.*

Adenauer reported FedRep had told Iran it wld not like to honor Iranian request for services of Schacht (see Bonn sent Frankfort 824 rptd Dept. 689 Tehran 1.)[6] [Slater.]

McCLOY

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[6] Not printed.

762A.00/4-1251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET PRIORITY BONN, April 12, 1951—9 p. m.

732. AGSec from Slater. Fol is verbatim text Adenauer ltr to Kirkpatrick which Adenauer promised to send in 5 Apr meeting with Council (see para 5 of Bonn sent Dept 697, rptd info Frankfort 835, Berlin 216, Paris 212, London 192, Moscow 22.[2] Refer also to report executive session HICOG Bonn sent Dept 731, rptd Frankfort 883, Berlin 217, Paris 231, London 204 this date [3]).

"Slow and hesitant start which has been made in measures for effective defense of federal territory and Berlin has caused lively concern to Ger public opinion and parliamentary circles. I draw your attention to fol points and to ask you to inform your govt of them.

"1. Security of West Eur decisively depends upon whether West Germany can be successfully protected against Soviet Russia or satellite attack. If West Ger potential of manpower, raw materials and productive capacity were to fall into Eastern hands, it is difficult to imagine how remainder of West Eur—Great Britain not excepted—could be saved. Moreover, this shld result in menace of greatest extent to entire Atlantic world.

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[1] Repeated to Berlin, Moscow, London, Paris and Frankfurt.

[2] *Supra.*

[3] Not printed; it reported, *inter alia*, that the Council of the Allied High Commission had received the letter which Adenauer had on April 5 promised to send. (762A.0221/4-1251)

"2. Apart from my responsibility for life and possessions of Ger population, it was this consideration which moved me as early as 1949, and with mounting insistence during 1950 in my talks with High Commissioners to demand guarantee of security for Ger, including western sectors of Berlin.

"3. In my memoranda, which I addressed to three West Allied govts immediately prior to New York conf,[4] I pointed with emphasis to extraordinary mil weakness of West Allies in West Eur as compared with Soviet forces in East zone and menacing development of Volkspolizei. I simultaneously asked for authorization to establish a police force which wld be at least capable of repelling any intervention by Volkspolizei.

"4. At New York conf of Sept 1950, reps of three West Allied govts, in most important decision, undertook complete guarantee for external security of FedRep and west sectors of Berlin, and in implementation of this guarantee resolved to increase strength of their armed forces stationed within federal territory. Allow me to quote below these decisions as they were communicated to me by then chairman of HICOM, Ambassador Poncet on 23 Sept 1950:

> 'With regard to external security of bund, three powers have stated that they consider that their forces stationed in Ger were not merely occupation forces but that it was also their task to ensure protection of FedRep and western sectors of Berlin.
>
> 'The powers have expressly added that they wld consider any attack against FedRep from whatever quarter as an attack directed against themselves, even if it only came from Volkspolizei without any intervention on the part of Soviet Russia.
>
> 'It is therefore a complete guarantee of external security which three powers are giving to FedRep. I lay stress on this point which appears to have escaped notice of section of Ger press.
>
> 'In order to make this guarantee more effective powers will very shortly increase and reinforce forces which they maintain on federal territory.'

"If this guarantee is to have any meaning then it must be this, that West Allies will, by their preparations and strategic dispositions, prevent any penetration of hostile forces across federal frontiers, that is to say that, so far as possible federal territory shall not become the theater of mil operations.

"5. Almost seven months have passed since New York decisions. A considerable number of preparatory discussions, including some with Ger experts, has taken place which were concerned with making federal territory secure thru Amer, Brit and Fr troops. Up to date, however, reinforcements have not arrived in adequate numbers. In addition, plans for accommodating balance Brit security troops in federal territory may, insofar as they have become known to date, lead to conclusion that northwestern part of FedRep will be given up in case of an attack. Reports from various quarters have it that Allied circles are thinking of restoring, or improving, Maginot Line. These reports draw our attention from certain statements contained in Fr Govt's terms of reference for Pleven-plan discussions dealing with establishment of mil units for exclusive use in fortified defense systems. These and similar facts, in which might be included release of nineteen barracks by US mil authorities because, in the words of these authorities, they were not now required, have caused uncertainty and anxiety in wide circles of Ger population and public opinion with regard to plans of Allied mil staff for defense of West Ger.

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[4] Memorandum under reference here not further identified.

"6. This uncertainty is, of course, exploited and propaganda capital is made of it by very active fifth column. The work of Federal Govt, which has always followed an unequivocal line in these matters and which has so far succeeded in controlling all these trends which are endeavoring to arouse in West Ger sympathy for idea of neutrality is thus made more difficult.

"7. It may be assumed that Federal Govt and West Allied govts are agreed on necessity to make mil forces in West Ger so strong, that they wld constitute a direct risk to Soviet Russia shld they later contemplate an attack. We are still far removed from this at present. Conditions for fulfillment of security guarantee, which consists in territory of FedRep being effectively protected against attack from whatever quarter, have not yet been created.

"8. It is understandable that this development is causing Federal Govt and Federal Chancellor extraordinary anxiety. Federal Govt can only succeed in its endeavors to maintain in Ger people's will to defend itself, and, in first place, to make the population immune against dangerous propaganda from East, if Allied Powers on their part do everything which will make manifest to Ger people resolve of West effectively to defend FedRep and Berlin. This especially includes expeditious augmentation of Allied troops on Ger territory by modernly equipped units, whose speedy arrival is urgently desired.

"I have honor to ask you to submit my request to His Majesty's govt that Allied Supreme Command regularly inform Federal Govt, via suitable Ger mil experts, of strength and deployment of Allied troops in West Ger, as well as of strategic defense plans."

[SLATER]
McCLOY

Editorial Note

On April 13 the Special Committee of the Allied High Commission held its first regular meeting to consider various papers dealing with contractual relations and to prepare a tripartite position for discussions with the Federal Republic. The minutes of this and 14 subsequent meetings during May, June, July, and August, designated by the series indicator SPCOM/M(51)1–15, are in the CFM files lot M–88, box 186, minutes of the mtgs of Special Committee. Participating for the United States were Samuel Reber, Director of Political Affairs, and Robert R. Bowie, Chief of the General Counsel Office, both in the Office of the United States High Commissioner for Germany; for the United Kingdom, Con Douglas Walter O'Neill and Terence W. Garvey, both of the Political Directorate in the Office of the British High Commissioner for Germany; and for France, Henry Bayle and André Jacomet, both of the Political Directorate of the Office of the French High Commissioner for Germany. These participants were joined from time to time by legal and economic experts from the Offices of their respective High Commissioners.

762A.0221/4-1451 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, April 14, 1951—3 p. m.

6943. For McCloy from Byroade. You will have seen Deptel 6922, Apr 13,[2] dealing with procedural problem in handling the contractual arrangements papers. This message concerns the problem of substance and timing in achieving the contemplated new political relationship between the Occupying Powers and the Fed Rep.

You will recall my ltr of Mar 19[3] which advanced for your consideration the thesis of a much fuller "declaration of intentions" than had previously been contemplated. Your response by ltr and cable to this tentative suggestion has greatly encouraged us here.

On reading the majority of the preliminary position papers[4] we have received here on the subjects for contractual arrangements, am concerned that even the proposed fuller declaration of intentions may not be sufficient or the best way to handle the situation. I wld like to advance for your consideration therefore the idea of concluding an interim agreement on principles with the Fed Rep. Such an interim agreement wld presumably cover the main principles which will be found to underlie the many points you are now working on.

Among other things, we have in mind the possibility that a quite liberal peace treaty with Japan[5] will materialize before long and that any arrangement with the Ger govt which is markedly less favorable will not have the desired political effect in Ger. (Documents on Japan being sent separately.) We fully appreciate that there are a number of compelling reasons why we cannot at this time conclude an arrangement with the Fed Rep which wld in fact be a final peace settlement. Not the least of these reasons is the apparent fact that the Gers themselves do not want this now since it wld formally recognize the permanent division of Germany. What we do want, however, is an arrangement which will resolve all problems except those which cld only be solved by a final peace settlement with a unified Germany. This wld seem consistent with the language of the Brussels decisions, notwithstanding that the obscure language of Brussels does not necessarily point to such a sweeping settlement as we suggest.

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[1] Repeated to Paris and London.

[2] Not printed.

[3] Not found in Department of State files.

[4] None of the HICOG preliminary position papers, which McCloy had begun transmitting in March, is printed.

[5] For documentation on the Treaty of Peace with Japan, see vol. VI, Part 1, pp. 777 ff.

We are impressed by the industry and careful thought that has gone into preparation of HICOG papers. Upon rapid scrutiny of the recommendations first impression is that cumulatively they do not sufficiently reflect the goal of eliminating Allied controls wherever possible. As a whole they perhaps support too strongly the principle of confirming controls in the form of contractual obligations by the Gers rather than to completely eliminate the controls wherever possible. We recognize that certain subjects must be covered by contractual agreements whereby the Gers assume obligations and responsibilities. However, the commitments to be required of the Germans in accordance with the HICOG recommendations seem numerous and complicated in nature. Their negotiation tripartitely and with the Gers wld necessitate long discussions and by the time they wld come into effect, their political value wld probably have been seriously impaired (as in the case of the New York decisions). We hope the number and complexity of the agreements can be kept to an absolute minimum without relinquishing supreme authority entirely at this stage.

If you consider the idea of an interim agreement on principles with the FedRep feasible, it might have certain advantages over the procedure now contemplated. Securing tripartite and then Ger agreement on the numerous and technical points covered in your papers will take many months. During this period we will certainly at some stage find progress on the whole approach being held up by a number of relatively unimportant technical points, such as occurred in the implementation of the New York decisions. The subjects for discussion during this protracted period are of such a nature that German public opinion probably will not grasp the significance of the contemplated package as a whole. The package, even when finally completed, will probably not readily lend itself to simple public relations usage.

Certain other considerations may have a bearing upon the wisest way of proceeding. In the past, in order to finalize any tripartite agreement of significance as regards Ger it has been necessary to hold a meeting of the three ForMins. However it is practically out of the question to require personal discussion and approval by the Ministers of the bulky and detailed package that will result from the consolidated papers on contractual arrangements. You will recall the previous difficulties when the Ministers had to act on the detailed ISG recommendations for the New York agreements.

The Ministers will probably be together for a considerable period of time this summer at a CFM. If we cld use this opportunity to have them agree upon a relatively simple form of interim agreement which wld contain the principles underlying the contractual arrangements, it may be that the remainder of the work cld be completed with the Gers on a piece-meal basis and without necessity for ForMins consideration.

The question of Bundestag approval of new arrangements may be a factor in favor of relatively simple agreement on principles. Believe we have always considered next phase agreement shld have such approval yet submission entire contractual package to Bundestag wld undoubtedly be time consuming, give unnecessary fodder to opposition parties on details of such matters as civil affairs agreement, etc., and perhaps give unnecessary rigidity to details which may require change in future.

These thoughts have brought us more and more to the conclusion that an agreed statement of mutual objectives at a reasonably early date (perhaps after Bundestag ratification of the Schuman Plan Treaty[6]) wld be desirable in order to obtain the full political benefit of the fundamental change in relations we contemplate. Have not as yet attempted to draft terms of such an interim agreement. Such a document wld emphasize the common nature (Allied and German) of the objectives and obligations. It might not differ greatly from the terms of a full unilateral declaration of intentions because in such a statement of policy it wld be necessary to list certain things we wld expect the Gers to do on their part. The agreed principles wld have to be treated as an indivisible whole and the manner in which they wld come into effect wld have to be carefully worked out. A single quadrilateral agreement wld seem most effective, but an alternative cld be to negotiate in advance a declaration of intentions to which the Gers wld respond with a statement of willingness of what they were prepared to do. Their answer wld thus complete an agreement to which both sides wld be committed. We, of course, wld expect a declaration of their willingness to join the defense effort to be a major point. Such a document or documents shld put definitive seal of recognition to FedRep's place in the Western community.

The timing of such an interim agreement in its relation to the CFM and Paris Pleven Plan[7] talks wld be difficult and probably wld be a major point with our Allies and perhaps with the Gers. However, even if it became necessary to hold it up until after a CFM it shld provide us with a procedure that shld allow quick consummation subsequent to a CFM.

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[6] For documentation on the negotiations leading to the signing of the treaty setting up a European Coal and Steel Community, April 18, at Paris, see volume IV.

[7] For documentation on the European Army talks (Pleven Plan) at Paris, see pp. 755 ff.

Wld greatly appreciate your comments on the above and suggestions you might have as to the form and content of such an agreement if you consider the idea has merit. [Byroade.]

ACHESON

762A.0221/4–1951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET FRANKFURT, April 19, 1951—6 p. m.

8483. Reurtel 6943 Apr 14,[1] we fully recognize advantages of approach proposed by you, if practical political difficulties can be overcome. We shall thoroughly explore possibility of drafting agreement with Germans on basic principles along lines proposed declaration of intention. Hope to send you draft within few days.

Political possibility of obtaining tripartite and Ger approval for such agreement cannot of course be appraised until we have clear idea of what we want and until study of Japanese peace treaty (not yet received by us) permits estimate of its impact on Ger opinion. Adenauer has expressed view that agreement on basic principles can and should now be reached. We see, however, certain practical difficulties which would affect any such agreement, and particularly one as broad as urtel seems contemplate:

1. While interim agreement on principles, details to be negotiated later, might be feasible in some fields, these are peripheral areas in which such agreements offer little political advantage. In key fields such as logistical support legal status and security, basic agreement must be sufficiently definite and detailed so that each side knows what it is getting. Experience on debt agreement illustrates this difficulty.[2] Allied purpose there was to get acceptance of basic principle of liability. Bundestag Committee, however, refused to approve undefined commitment without extensive negotiations. As this experience showed, such negotiations are likely to be more protracted and difficult to resolve, especially in view of fact they always tend to become public.
2. Under Brussels decisions, any such agreement would have to include as number one basic principle Ger participation in Western defense. Without Bundestag and Bundesrat approval, such agreement would have neither legal nor political validity. While urtel does not contemplate FonMin's approval of such agreement before CFM, it will probably be difficult to negotiate matter with responsible Ger Parliamentary circles until fate of CFM is known.

In spite of these reservations, we still agree desirability fully explore feasibility such agreement. As soon as we have draft contemplated para

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[1] *Supra.*

[2] For documentation on the Federal Republic's assurance on debts, see pp. 1410 ff.

1 above will discuss with Brit and French and advise their views. Meanwhile, will push current discussions on contractual relations as hard as possible at tripartite level.

McCloy

396.1-ISG/4-2351 : Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

CONFIDENTIAL PARIS, April 23, 1951—8 p. m.

6439. Re London's Sigto 596 April 15 rptd Frankfort 1107.[2] Sauvagnargues, who has just returned from ISG in London, expressed to us certain lingering misgivings about US and Brit position re legal background of contemplated contractual arrangements with Germany. Altho points of view are now perhaps not far apart, he still viewed with horror British proposal that reference be made to Art 59 of basic law, which wld place contractual arrangements in category of treaties which in French view they emphatically are not. Brit proposal in London that certain contractual arrangements might be adhered to by other countries also give grounds for uneasiness, Sauvagnargues said.

Fr position, to which he believes we subscribe in principle, is that contractual arrangements are not intergovernmental agreements but concluded between HICOM as supreme authority in Germany on one hand, and FedRep on other. There is no opposition from French point of view to conclusion of treaties on other occasions, he said (after all, France has just concluded treaty re Schuman Plan), but nothing must be done to detract from principle of our continuing supreme authority. Germany thus can, in accordance with contractual arrangements, conclude treaties in certain fields, but contractual arrangements themselves cannot be considered treaties. Above appears to be in line with Sauvagnargues remarks as per Bonn's 653 to Dept March 21 (rptd London 178).[3]

It is true, Sauvagnargues said, that legal formulation must be found permitting contractual arrangements to be ratified by Bundestag, but this is matter for ingenuity of legal experts who will surely find formula which is agreeable both to Germans and ourselves. Germans should be told, he said, that we must do everything to avoid giving Soviets the impression that peace treaty is being concluded, which wld undermine our jointly agreed position with respect to Eastern Germany and lost eastern territories. If this approach is taken, Sauvagnargues perceives little difficulty with Germans. It was Brit position he seemed most concerned about.

BRUCE

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[1] Repeated to London and Frankfurt.
[2] *Ante*, p. 1403.
[3] *Ante*, p. 1467.

762A.00/4-2651 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET WASHINGTON, April 26, 1951—7 p. m.

7228. This is State-Defense cable. Urtels 732, Apr 12 from Bonn [2] and 8341 Apr 14 from Fkft.[3] Re Adenauer's request last paragraph his letter, our view is that suitable channels for obtaining such info as may be given shld remain within existing governmental channels from High Commissioners to NATO Standing Group. Standing Group wld make any necessary inquiries of SACEUR. The Standing Group answer wld be transmitted back through govts to High Commissioners for Adenauer. If you agree, suggest this be discussed with your Brit and Fr colleagues and that Adenauer's specific comments be transmitted to the High Commissioners with the request for appropriate NATO action (i.e. consideration by Standing Group).

Although above procedure may appear unduly complicated, we believe it most important that orthodox channels be adhered to and that no official pressure be brought to bear on Eisenhower to officially answer a direct request by the FedRep.

We propose to handle request in last para Adenauer's letter in accordance above procedure and Bradley will introduce in Standing Grp.

Although we appreciate points made by Adenauer in earlier para his letter and his anxiety for more sweeping assurances re Allied action to bolster defense of Fed Rep, believe we can at this time do little more than establish channel suggested in preceding para and furnish his mil experts such info as SHAPE is able to provide.

Appreciate ur views.[4]

ACHESON

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[1] This telegram was drafted by Calhoun; cleared by Knight, Lewis, and the Department of Defense; and repeated to Bonn, Paris, and London.

[2] *Ante*, p. 1470.

[3] Not printed; it reported that the texts of Adenauer's letters to Kirkpatrick and McCloy were identical. (762A.0221/4-1451)

[4] On May 8 McCloy reported that he had discussed this procedure with the British and French who had offered no objection but had stated that they would refer the matter to their Governments and advise McCloy when they had received further notice. (Telegram 8944 from Frankfurt, May 8, 762A.00/5-851)

762A.00/5-2151

The Director of the Bureau of German Affairs (Byroade) to the United States High Commissioner for Germany (McCloy), at Frankfurt[1]

SECRET WASHINGTON, May 21, 1951.

DEAR MCCLOY: I have given further thought to the draft Declaration of Intention, which was enclosed with Sam's letter of May 8.[2]

I think there is a fundamental difference of approach which I may not have brought out sharply enough in my letter of May 15.[3]

The Brussels Agreement was deliberately vague in describing the status of "substantial freedom" to be granted to Germany, if the German Government undertook to participate militarily in Western Defense arrangements. This was due partly to the brief time available to the three Governments to bring their respective positions into harmony. It was also due to a belief that the German Government itself should participate in the definition of this status, thus avoiding the impression that we were confronting the German Government with an Allied proposal on a take-it-or-have-it basis.

I am still concerned, however, that the process of working out the new relationship with the British and the French and with the German Government may prove to be far more time-consuming and difficult than we had anticipated. The time-table suggested by the British at Bonn does not reflect the urgency of the situation, particularly when we consider the additional lapse of time that will necessarily follow a decision on the part of the Germans to contribute military forces to a European Army in terms of the actual formation of military units. I also have a feeling that we may be slipping back into the type of negotiations which took place in Berlin and in London from June 1948 until March 1949, which preceded the April 1949 Foreign Ministers Meeting at which agreement was reached on the Occupation Statute.[4] The paper on "methods of enforcing contractual commitments"[5] brings to mind the court which it was proposed to establish to permit the Germans to litigate exercises of powers by the Allies, a proposal which was a source, at that time, of long controversy.

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[1] The letter was drafted by Margolies.

[2] No copy of Samuel Reber's letter has been found in Department of State files. With regard to the enclosed draft Declaration of Intention, Reber had previously transmitted such a document on February 10. Its text read as follows:

"The conclusion of arrangements for a German contribution to Western defense will create a new situation, as a natural consequence of which the Allies will wish to adjust the relationship between themselves and the Federal Government. They are ready to proceed thereto by contractual arrangements which will be binding on both parties.

Preliminary studies to this end are under way." Enclosure 3 to despatch 2609 from Frankfurt, February 10, not printed (762A.0221/2-1051)

[3] Not found in Department of State files.

[4] For documentation on the meetings of the three Western Foreign Ministers at Washington during April 1949, see *Foreign Relations*, 1949, vol. III, pp. 156 ff.

[5] Not printed.

In suggesting an agreement along the lines of the proposal I sent to you in my letter of May 15. I had in mind a radical shift in tactics. I propose that we definitely commit ourselves to take a series of steps which would establish Germany on a basis of "substantial freedom", in return for agreement on the part of the Germans to enter promptly into military association with Western Defense. This would shift the negotiations from the present discussions of the content of the contractual arrangements to be elaborated to the more fundamental question of what form our ultimate relations with Germany will take. Instead of having this relationship emerge as a sum total of the outcome of negotiations of the 39 separate topics being worked out with the Germans, we would make the question of the form of relationship the main negotiation, and relegate such of the 39 topics as may require contractual agreements to a subsidiary status flowing from the basic agreement.

In following this approach we would hope to accomplish the following results:

1. To give the German Government a basis for promptly agreeing to participate militarily in defense, and to take measures immediately to implement this decision.
2. To reach agreement with the French and British as to the next steps to be taken in Germany, so that we can be confident in discussions with the Soviets that we are in agreement as to our future plans.
3. To provide a framework for working out expeditiously the contractual arrangements which need to be covered.

In providing the German Government with a basis for proceeding promptly with military preparations, I am counting on the fact that in a spelling out of the ultimate relationship which Germany will have with the Allies we are making a substantial step forward toward meeting the wishes of the German Government. I do not believe we should make this commitment unless we get something tangible from the Germans in return. For that reason, I would be reluctant to put our position forward as a unilateral declaration of principles, without receiving a commitment from the Germans in return. I also believe from discussions here on the Hill that this would be a big point with Congress.

Furthermore, I believe that the final negotiation of this document at the level of the Foreign Ministers may give Adenauer sufficient prestige to assist him in obtaining the necessary ratification from the Bundestag.

In regard to my second point, I believe that during the difficult negotiations with the Soviets in which we are already involved, and in which we may become even more deeply involved, it would be useful, and almost essential, to sharpen our common policy with the British and French and agree upon our future course of action. This will give more meaning to the negotiations we may have with the Soviets, and if such negotiations prove fruitless, will permit us rapidly to move ahead after we are disengaged.

In regard to the third point, I believe we cannot prevent the contractual arrangements from proliferating into an unduly complicated and restrictive body of agreements resulting in a less desirable relationship than we originally intended unless we first agree among the four Governments as to the relationship we wish to see ultimately established. Similarly, I believe the contractual arrangements with respect to financial and economic support of the Allied troops can best be negotiated, only after we have arrived at a clear definition of the mission of Allied forces in Germany after contractual arrangements come into effect.

There are two difficulties which attach to my proposal. The first is that the German Government may refuse to commit itself until it is satisfied that the contractual arrangements will be worked out in an acceptable form. If this proves to be the case (which we are inclined to doubt here), we will not be any worse off than we are at the present time. The other difficulty is almost the reverse of the first. It could be felt that in signing an agreement in principle along the lines I have suggested, we will weaken our own position, tactically if not legally, in working out the contractual arrangements, since the Germans would feel that we would be committed to a sharp cut-off of our programs, rather than an orderly phasing out, such as we intend. It seems to me that there is a balance of risks which under the circumstances both the Allies and the Germans must take, and that there must be a measure of confidence on both sides that the contractual arrangements can be worked out fairly and satisfactorily. I feel we would do much better staying entirely away from an enumeration of the subjects to be covered by contractual relations, since once opened up it would seem to me inevitable that we would be maneuvered into a detailed negotiation of each topic before reaching agreement on basic principles.

There are other difficulties which have been brought to my attention in regard to the draft. I will take them up in a separate letter, since I am anxious to bring to your attention the problem of negotiating tactics which I believe may be of paramount importance.

Sincerely, HENRY A. BYROADE

Bonn Mission files, lot 311, D(51) 771

The United States High Commissioner for Germany (McCloy) to the Director of the Bureau of German Affairs (Byroade)

SECRET FRANKFURT, June 8, 1951.

DEAR HANK: This is in reply to your two letters of May 15,[1] and 21,[2] dealing with the Declaration of Intention and Interim Agreement. Subsequent consideration has led us to the conclusion that any debate now over a choice between the two is fruitless because a defense contribution will not be obtained until definite understanding has been reached on the terms of such a contribution and of most of the contractual agreements. Let me analyze the situation step by step.

1. It seems perfectly evident that the Germans are not going to make a defense contribution until they know what it is to be and what limitations will be imposed on them by NATO. They will have to be satisfied that the forces which they contribute are so organized and supported that they will be militarily effective and they will have to be satisfied of German "equality". In this second aspect I do not think that they will insist that every limitation upon them be imposed equally upon every other NATO country but they will insist upon similarity of treatment in respect to some major items. The Council is today forwarding the report of the military talks with the Germans.[3] They have agreed [to] its terms with the Germans so that an identical report will be made to the Occupation governments and to the Chancellor. The Germans have stated their position very specifically and bluntly. I do not believe that their position is as rigid as their proposed language would suggest and expect that they will subsequently be willing to make compromises but it is quite evident that the NATO position taken last December will not produce a German defense contribution through NATO. The answer to these difficulties may lie in the European Army concept which may provide a better means to reconcile French and German views than revision of the NATO directive.

When I say that we must have an understanding with the German leaders I do not mean that we must have progressed to the point of a final detailed agreement in legal form, but the principles and the major details must be settled. No general representations to them will produce a defense contribution.

2. This defense contribution still will not be forthcoming until we have a definite understanding with the Germans on the scope of the new relationship based on the contractual agreements. The Germans

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[1] Not found in Department of State files.

[2] *Supra.*

[3] Regarding the report of the technical discussions conducted at Bonn concerning the question of a German Defense Contribution, dated June 6, see footnote 2, p. 1047.

have insisted on "equality", which seems to mean to them the exercise of the attributes of sovereignty. Any German action on defense must have a big majority to support it. This means that the SPD has to be brought into camp. To accomplish this our proposals must be sufficiently definite so that the Germans will know what they are being offered. If they are not definite Schumacher will simply raise so many questions about the terms of each proposed agreement that he will confuse the issue and divert attention from the main subject, and there will be no hope of getting the SPD fraction to reverse his course. We will have brought the debate over the terms of the agreement into the Bundestag through the back door before those terms are ready for discussion and will risk the premature establishment of a Bundestag position on the final terms less favorable than we could have reached through orderly negotiation.

3. Although in view of these facts neither an Interim Agreement nor a Declaration of Intention will obtain a German defense contribution, this does not mean that an interim document would not be useful to hasten the process of reaching contractual arrangements. Indeed we have felt all along that the initial purpose of a Declaration of Intention would be to serve as a vehicle, first, to work out more quickly an agreed statement of our own policy including the views of the Defense Department and EUCOM: secondly, as a catalyst to get Tripartite agreement; and third, to get the thinking of the Chancellor. If it attained these ends it would have been useful even if it never became public. One of the difficulties now is that there is no clear framework within which the thirty-nine points fit into their proper places. As a result the perspective for making decisions has been lacking.

4. The first step toward our ultimate goal seems to me clearly such an agreement on U.S. policy. I think HICOG and State Department views are sufficiently near together so that we could get along for awhile without any formal agreed statement but it is clear that EUCOM and the Defense Department have an equal interest in the subject. Basically what is needed therefore is a common concept of the future status of the present occupation forces and if you could reach an agreement on this with the Defense Department and they would issue such new directives to EUCOM as are necessary, it would prove most helpful.

5. If we agree on U.S. policy we then come to the problem of French and British delay. The British have definitely not been anxious to proceed expeditiously, perhaps due to the attitude of the Labor Party's left wing. The French are in no position to proceed until after the elections and the establishment of a stable government, if that proves possible. If not they will face another election. We face the possibility of weeks and even months of delay before we can expect French or even British agreement to effective action.

We will try in the meantime to get them to discuss the subjects and reach decisions for future use but even this is not certain. Apparently they are ready for discussions with the Germans on subjects which have no great political significance. On the others it appears that at best they are willing to listen to German statements but not to reply. Under any such procedure, of course, we will not have reached definite understandings with the Germans which are necessary and indeed we will have confirmed the suspicion held by many of the Germans that we are simply stalling and do not intend in good faith to make them substantial equals in the European partnership.

Finally, there is evidence that there may be Tripartite differences which must be settled at governmental level. The French here seem to want to go along with our concept to a substantial degree but it is becoming clearer that influential elements in the Quai D'Orsay place a different interpretation on Brussels than we do and are working more toward another revision of our existing powers than toward a basic change in the occupation status. I call your attention also to Paris' 7802 of 20 May to the Department (952 to Frankfort)[4] indicating the inherent opposition of the Quai D'Orsay to our ideas for progress.

6. We can not afford months of delay. On the one hand the defense contribution itself is urgent; on the other the situation here in Germany is deteriorating. In addition to the cable reports which you have had, I am disturbed over the report of our public opinion survey which shows a marked decrease in the readiness of the West German people to participate in an Atlantic Pact Army. Last October 63% of those polled favored participation with 30% opposed. Today 43% are in favor and 33% opposed. Bonn has recently reported FDP skepticism of our good faith in substituting contractual arrangements for the Occupation Statute. Other straws in the wind point in the same direction.

7. In the light of these factors the question is now, how best to proceed. The first and immediate problem is to get an agreed paper stating U.S. policy and then on the basis of that to seek French and British agreement to that statement of policy. For this purpose I think our Declaration of Intention offers the best starting point, since it is a little more specific than your paper. It must, however, have material revision which we are undertaking in the light of the foregoing and of your comments.

We do not need at this stage to decide whether eventually the paper will take the form of a Declaration of Intention or an Interim Agreement or something entirely different. That can be decided when we raise the matter with the Chancellor and in the light of circumstances then existing.

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[4] Not printed: in it Bruce reported that the French had objections to and misgivings about the draft declaration of intention which might result in a considerable delay in its consideration. (762A.00/5-2051)

I may perhaps already be in the States by the time you receive this but comments which you can send to Frankfurt will be extremely helpful.[5]

Sincerely yours, JOHN J. McCLOY

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[5] McCloy departed for Washington on June 10 for consultations on Germany.

762A.00/6-3051 : Telegram

The Office of the United States High Commissioner for Germany to the Secretary of State[1]

SECRET FRANKFURT, June 30, 1951—2 p. m.

10702. At recent mtgs HICOM special comite has devoted considerable time to question of extent to which contractual agreements shld seek to ensure maintenance of basic democracy in Ger. We have introduced proposal in substance that contract recite as condition of return of authority to Fed Rep the continuance in Ger of a system of govt which is democratic and federal in character, in which the sovereign power is vested in people and all organs of govt at all levels are subject to their control, individual states are organized as separate independent entities and are vested with exercise of all governmental powers, including police, which are not essential to central admin, and in which individual rights guaranteed by first eighteen sections of Basic Law are recognized and protected, including specific provision against existence of any police or law enforcement agency whose existence is secret or which exercises legislative or judicial powers. A serious Ger violation of this proviso wld, under our proposals relating to methods of enforcement, enable allies to invoke impartial arbitration procedure, in which case disputes commission wld have power *inter alia* to nullify Ger legislation even amendments to Basic Law which violated proviso. (Our proposals relating to security of allied forces wld also empower allies to take unilateral action in emergencies posing immediate threat to security of allied forces.)

Fr have held out for retention of reserved power in allies to veto amendments to Basic Law which affect system of fed democracy in Ger or Ger's international status. Brit wld make no provision for external safeguards against subversion of democracy in Ger other than some provision for right of immediate unilateral action in event of emergency threatening security of allied forces. Fr now show signs of swinging around to our point of view as compromise between their position and Brit.

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[1] Repeated to London and Paris.

In our view while political and moral considerations require some external guarantee against subversion of democratic order in Ger, it is fairer and more consistent with Ger's new status to implement such guarantee through impartial arbitration. Gers have expressed opposition to continued allied "control of constitution"; while their reaction to such a proposal as ours is unknown, it wld certainly be harder to oppose.

Message Unsigned

398.10–GDC/6–3051 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, July 6, 1951—7 p. m.

108. Points mentioned ur 10702, June 30, rptd London 947, Paris 1069,[2] were discussed at length with McCloy in Wash.[3] Our present thinking is that it wld be unwise attempt maintain right preserve democratic and federal system in Ger under contractual agreements, either by retaining reserved power to veto amendments to Basic Law, as Fr suggest, or by making the return of auth to FedRep specifically conditional upon contractual commitment to maintain democracy, with intention enforce this condition through Disputes Comm. We do not see how we can retain specific right to control anti-democratic and anti-federal mainfestations in Ger, and at same time give Gers either approx natl equality or "substantial freedom" mentioned at Brussels. We believe that among few reasons for retaining ult sovereignty will be right station troops in Ger which will carry with it implicit right of unilateral action protect security Allied forces from serious threat arising from hostile mil or polit developments outside or inside FedRep. It is our conviction that fol conclusion of contractual agreements we shld fundamentally rely on intention and capability of Gers maintain basic democracy (bearing particularly in mind various internatl factors influencing FedRep towards western community, such as Schuman Plan, presence of NATO troops, and need for collective defense, coupled with "emergency" right to take unilateral action mentioned above.

Requiring Ger Govt to sign contractual arrangements subjecting Ger to outright control to insure democracy wld expose Fed Govt to attacks from extremist groups which wld additionally endanger Ger acceptance of contractual arrangements and wld weaken effectiveness of Ger Govt. In any event we anticipate that real test of democracy may not arise for 5 to 10 years and do not consider it politically possible to plan to keep Ger Govt under outside controls for so long a period.

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[1] This telegram, drafted by Calhoun and Auchincloss and cleared by Lewis, was repeated to London, Paris, and Bonn.

[2] *Supra.*

[3] McCloy had returned to Washington on July 3.

In this matter, as in all other aspects of contractual relationships, it is necessary bear in mind comparison which will inevitably be made with Jap treaty, in which there will be no contractual agreement review Jap actions to assure maintenance democratic system.

We also have serious doubts re proposed Disputes Comm, since it wld have power suspend or annul Ger legis and its decisions wld be enforced by unilateral Allied action. See further our paper commenting on HICOG position paper "Methods of Enforcing Contractual Commitments" which was sent to Fkft on McCloy plane.[4]

Above shld of course be read in context Wash talks with McCloy.

ACHESON

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[4] Neither printed.

460.509/7–651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BONN, July 6, 1951—6 p. m.

15. Fol is brief summary report of McCloy–Adenauer meeting July 5 and executive session HICOM Council July 6:

I. In a two and a half hour meeting with Chancellor last night I gave him a report of my trip home, stressing opinion re Germany, confirmation of our general policy and Germany's defense contribution.

[Here follow discussions of controls on East-West trade and reorganization of the German steel industry.]

As regards Germany's military contribution I emphasized importance attached by US to necessity for speed and our disappointment at lack of progress on both sides of Rhine. In US it was clearly recognized that no defense of Western Europe was possible without German contribution. Defense east of Rhine must be bolstered by German participation. Petersberg report[2] gave basis for hope that further compromises were possible. US prepared sincerely and objectively to support concept of Europe army since:

(1) It is anxious to remove French objections to Ger military contribution;

(2) Concept of European army is in harmony with US long-range policy of closer association for Europe and is akin to Schuman Plan and federation of Europe, which have US support; and

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[1] Repeated to London, Paris, Berlin, and Frankfurt.

[2] Regarding the report on the technical discussions conducted at Bonn concerning the question of a German defense contribution, dated June 6, see footnote 2, p. 1047.

(3) It is evident that no single country has resources to defend itself but that Europe together has the resources adequate for real defense against East.

US is, therefore prepared to support European army provided that practical force can be created and created quickly. I urged therefore that Paris report be concluded without delay and placed before govts so that it could be considered along with Petersberg report. It was essential from US point of view, in view of probable Ministers meeting in Sept,[3] that ground be cleared before this meeting, both politically and militarily.

As regards Germany's future polit status; which US recognizes is one of important elements in bringing about defense contribution, US is prepared to go very far in transfer of sovereignty to Germany. Before reaching its final decision, however, it is important that we shld ascertain Germany's views regarding extent to which its own interests will be served by complete transfer which wld naturally involve a lessening of Allied and particularly US responsibility. It is particularly important for us to ascertain to what extent we shld reserve possibilities of intervention in event of a *coup d'état* or similar development beyond powers of FedGovt to control or in event of revival of totalitarianism.

Adenauer then talked at considerable length concerning importance of solving problem of Germany's military contribution without delay. It was clear that present Russian policy is to bring about neutralization and demilitarization of Germany. This has been confirmed by recent events including activities of Pushkin in Berlin. According to Chancellor only through a solution of defense contribution can Soviet objectives of neutralization and demilitarization of Germany be blocked. Furthermore, Chancellor believed that unsatisfactory NATO preparations are explainable in part because other European countries are convinced that no defense of Europe is possible without Ger contribution. In his opinion psychological situation in Germany had never been more favorable for solution of this problem. SPD, only party that has not taken favorable attitude, has been shaken by attitudes taken in Socialist Congress in Frankfort and Trade Union Congress in Dusseldorf.

If, however, advantage is not taken of present psychological position a sense of discouragement may again slow up progress and the whole system of defense fall apart.

It was clear to Chancellor that, as regards composition of Germany's future forces, mil rather than polit considerations should prevail. In Petersberg agreement had been reached, but in Paris they do not yet appear to have grappled the most important points. Chancellor then expressed strong support for concept of Eur army. He pointed out that North Atlantic army is created to answer present requirements, whereas Eur army should be created for long-range requirements. Chancellor believed that it was possible to find solution by adjusting Paris report to the Petersberg. He said he was sending Blank to Paris to see if this could not be done quickly and asked for US support in bringing this about. Although he was discouraged by Fr attitude he thought that if US could support the reasonable elements in France it would be possible to bring Paris negots to an early conclusion. Whereas Eur army is necessary, Germany's contribution should not be made dependent upon result of Paris meetings if they do not reach an early settlement. In conclusion he again emphasized importance from point of view of US policy to block Russian efforts to neutralize Germany, since if this was brought about there could be no hope for Eur defense.

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[3] For documentation on the Foreign Ministers meeting at Washington in September, see pp. 1163 ff.

As regards Germany's future polit status Adenauer said that in Bundestag foreign affairs comite there had been recent discussion of this problem during course of which he had pointed out that whereas as much as possible of occupation law should be replaced by contractual arrangements, he did not believe it should be eliminated completely, since provisions should be made to take care of Berlin situation, the Eastern question, the Saar and possibilities of unrest. According to Chancellor even SPD members of comite agreed that certain phases of occupation rights should be preserved for Germany's own protection. Chancellor hoped to be able to send us a formula without delay.

[Here follows a discussion of the so-called Kemritz case.]

I was impressed by Chancellor's resolve to get ahead with problem of Ger rearmament and his apparent support for concept of a Eur army if such could be worked out practically and promptly. He seemed convinced that this was possible if the US was prepared to continue to give its full support and to intervene actively in bringing about his conclusion.[4]

II. In Executive session of Council, I reported in considerable detail my Washington visit and discussion with Adenauer reported above.

[Here follow references to the questions of reorganization of the German steel industry and dissolution of the Deutsche Kohle Verein.]

McCloy

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[4] For another account of this conversation, see Adenauer, *Memoirs*, pp. 354–357.

Following his meeting with Chancellor Adenauer, McCloy met with Schumacher to brief him on his trip to Washington. McCloy characterized the meeting as his "usual unsatisfactory conversation with Schumacher" who "reiterated his old arguments concerning necessity for creating Allied Forces sufficiently strong to insure [that Germany would] not become battlefield of next war." (Telegram 23 from Bonn, July 7, 762A.00/7–751)

398.10-GDC/7-1351 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET BONN, July 13, 1951—1 p. m.

37. Fr have agreed in principle to formula along lines suggested Frankfort 10702, June 30 [2] (see report special comite July 12) [3] and have drafted their proposal to retain power to veto amendments to basic law.

Our formula was not intended to imply Allied interference in Ger domestic affairs or to control internal development except in event of serious menace to maintenance of basic democratic federal structure of state which in turn cld threaten security of Allied forces or maintenance of Allied position in Ger. Deptel 108 July 6 to Frankfort, rptd London 118, Paris 128 [4] stated that retention of ultimate sovereignty carries implicit "emergency" right to take unilateral action.

It is our purpose insofar as possible to indicate the circumstances in which we propose to exercise our residual sovereignty and to set this forth in the agrmt to avoid later misunderstandings. Our proposal concerning maintenance of democracy was intended as only one facet of this program and to show limited application of our reservation in this field which we consider as one of the elements of our basic policy with respect to Ger. Discussion in comite and by our comments indicate possible wider interpretation of our formula than we intended. It was agreed yesterday that Fr and ourselves wld prepare modification thereof. Although Fr have not accepted our formula, they too envisage right to intervene in case of serious polit developments both internal and external.

Considerable clarification of question of disputes comm has taken place in special comite and is being reported separately. We have withdrawn proposal for violations tribunal.

McCLOY

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[1] Repeated to London, Paris, and Frankfurt.
[2] *Ante*, p. 1485.
[3] Telegram 38 from Bonn, July 13, not printed (398.10-GDC/7-1351).
[4] *Ante*, p. 1486.

398.10-GDC/7-651 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET WASHINGTON, July 17, 1951—7 p. m.

443. For McCloy from Byroade. Had hoped withhold substantive comment from here on items of importance in contractual relations

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[1] This telegram was drafted by Auchincloss, Byroade, and Laukhuff; cleared with Matthews; and repeated to Bonn, London, and Paris.

field until we had received your gen views and recommendations subsequent to discussions with your staff after your return from Wash. Continued trend reflected in Bonn 37,[2] however, and fact that negots on the subject therein seem to be reaching advanced state leads me to call your personal attention to views expressed ourtel 108 July 6.[3] As we understand Bonn's 37 July 13 (rptd Lon 16, Paris 18, Fkft 63) HICOG does not contemplate as broad an exercise of supreme authority for purpose of preserving democracy as had been assumed from Fkft's 10702 June 30.[4] Nevertheless it remains Dept's firm position that retention of power to intervene on behalf of democratic or federal system, including power to veto amendments to basic law, is inconsistent with our conception of new relationship between Allies and FedRep. This position and supporting reasons was stated in Deptel 108 July 6 to Fkft, rptd Lon 108, Paris 128, Bonn 11, and need not be rptd here.

We wld not object to indicating basic purposes for which supreme authority wld be exercised as proposed Bonn's 37. Consider, however, these purposes shld not go beyond (*a*) right to station troops in Ger and to protect their security; (*b*) Berlin; (*c*) unification of Ger and subsequent peace settlement; (*d*) territorial questions. Do not believe any of these shld be expressed in detail, and do not agree that suggestion Bonn's 37 of adding "maintenance of democracy" as another purpose for exercise of supreme auth wld be convincing demonstration to Gers of "limited application of our reservation in this field".

From Bonn's 38[5] it seems you still contemplate supreme auth wld be used to enforce decisions of disputes comm against Gers. As already indicated, Dept does not consider retention of powers which wld include the unilateral Allied right to impose decisions in the arbitration process upon Gers wld be compatible with new relationship with FedRep.

While this tel covers only two particular points, we consider them to be fundamental in process of terminating occ regime and hope you will find it possible gain Fr and Brit acceptance of this point of view. Shld you find them unable agree, it wld be preferable from our point of view to receive split report from HICOM rather than have you agree that these powers shld be retained, as this wld facilitate efforts by Sec to obtain agreement to Dept's point of view at Fon Mins level.

[BYROADE]
ACHESON

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[2] *Supra.*

[3] *Ante*, p. 1486.

[4] *Ante*, p. 1485.

[5] Not printed.

398.10-GDC/7-1951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET

BONN, July 19, 1951—4 p. m.

52. Immed before and during eighth mtg of special comite with Ger del on July 18 latter were handed Allied papers (being air pouched)[2] on subjs covered by paras numbered 1 thru 5.[3] Fol is summary of prelim Ger comments and questions expressed in mtg:

1. Special position of the three powers in Ger.

Allied paper stated *inter alia* that three powers had special position because of rights deriving from quadripartite agrmts to which Ger not a party. Special position wld remain in force after contractual arrangements concluded and wld impose upon Allies fol: (i) responsibilities regarding whole of Ger including questions of Ger unity and Ger peace settlement; (ii) right to ensure respect of internatl agrmts affecting Ger but not covered by contractual arrangements; (iii) right to maintain forces in Ger. Gers expressed appreciation Allied responsibility re Ger unity but asked whether Ger ability freely to conclude peace treaty wld be impaired. Also asked for examples of agrmts mentioned under (ii) and whether forces meant occ forces or West def forces. O'Neill (chairman) stated these important questions wld require study. He did, however, cite as examples of agrmts under (ii) June 5, 1945, declaration, proclamations one and two of control council of 30 August and 20 Sept 1945, and Potsdam agrmt.[4]

2. Fon relations (relations with other parts of Ger).

Gers expressed appreciation of Allied agrmt that relations with other parts of Ger wld not be treated in contractual arrangement covering fon relations and requested Allied views concerning future of Berlin. O'Neill stated Allies intention contracts shld not affect status of Berlin but that, insofar as contracts affect relaxation of Allied powers, Allies hoped to make similar relaxations re Berlin though not necessarily in same manner. Berlin constituted separate topic for later discussions.

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[1] Repeated to Frankfurt.

[2] None printed; copies of the five papers are attached to the minutes of the eighth meeting, SPCOM/FED/M(51)8, not printed, as Appendixes A–E. CFM files, lot M–88, box 186, record of mtgs with Federal Delegation.

[3] McCloy had reported on the fifth, sixth and seventh meetings, June 20 and July 5 and 11 in Bonn telegrams 981, 18, and 36, June 22 and July 6 and 13, none printed (762A.00/6–2251, 398.10–GDC/7–651 and 7–1351).

[4] For the text of the Declaration Regarding the Defeat of Germany and the Assumption of Supreme Authority With Respect to Germany, June 5, 1945, see Department of State Treaties and Other International Acts Series (TIAS) No. 1520, or 60 Stat. 1649; for the texts of Control Council proclamations Nos. 1 and 2, see *Official Gazette of the Control Council for Germany*, No. 1, October 29, 1945, pp. 4 and 8–19; for the text of the Protocol of the Proceedings of the Berlin Conference, August 1, 1945, see *Foreign Relations*, The Conference of Berlin (the Potsdam Conference), 1945, vol. II, pp. 1478 ff.

3. Fon trade and exchange and strategic commodities export controls.

Gers expressed desire to avoid special contractual arrangement on subj and reserved position. They reported measures were being taken re special problem of Berlin leakages.[5] O'Neill noted latter statement with satisfaction and stated progress on gen question depended largely upon progress in other inter-governmental discussions.

4. Decartelization and deconcentration.

Gers noted topic now being discussed between AHC and Ger officials and yet too early to anticipate results. Furthermore, Ger law being prepared which wld require further discussion. Hope was expressed implementation law Nbr. 27 [6] wld soon end so no arrangement wld be necessary. Special mention was made of difficult position of Ger film industry under order Nbr. 1 [7] and of difficulty of getting parlimentary approval of Allied views. O'Neill deferred reply as many points raised now under technical discussion and he felt Allied position wld be clarified somewhat by Allied paper on next fol topic.

5. Preservation of Allied legis for which no Ger substitute exists, and of certain Ger legis.

Fol Ger views were set forth as being very preliminary in nature owing to paper being recd during course of mtg. Right of Allies to enact legis is difficult one for Gers to accept. If council of ambassadors can enact legis, its title is a misnomer. It wld be difficult to agree to maintenance of Allied legis in certain fields if legis scheduled for preservation is not listed. O'Neill stated Allies cld not relinquish power to enact legis and point out necessity of enacting repeal legis. Allies power legislate wld be held to a minimum and governed by extent subjs not covered by control measures since largely up to Gers to enact legis which wld permit repeal of Allied legis.

6. Gers submitted written statements on controls over the Ruhr; preservation of OCC legis for which no Ger substitute exists, and of certain Ger legis; and Allied courts in Ger (being airpouched).[8] Save for stating re Ruhr controls that Allies cld not agree that successful conclusion of current negots between govts wld permit termination of law Nbr. 27, O'Neill offered no comments on these papers.

7. Disposal of property under Allied control—internal restitution.

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[5] For documentation on the problem of East-West trade through Berlin, see pp. 1828 ff.

[6] For the text of High Commission Law No. 27, "Reorganization of German Coal and Iron and Steel Industries," dated May 16, 1950, see *Laws, Regulations, Directives and Decisions*, vol. I, pp. 155–172.

[7] For the text of United States Military Government Order No. 1 to Law 56, "Prohibition of Monopolistic Conditions in the German Motion Picture Industry", see *Military Government Gazette, Germany, United States Area of Control*, Issue I, March 15, 1948, pp. 16–17.

[8] Not printed.

Gers noted topic covered scope of MG law Nbr. 52[9] in all essential points and stated Ger proposals wld not be forthcoming until Bundestag legal comite had completed current study of various related points.

Next mtg set for July 25.

McCloy

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[9] For the text of Military Government Law No. 52, "Blocking and Control of Property", see *Military Government Gazette, Germany, United States Area of Control*, Issue A, June 1, 1946, pp. 24–27.

398.10-GDC/7-1951: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY WASHINGTON, July 23, 1951—7 p. m.

585. (1) It seems to us that Bonn's 52 July 19 to Dept rptd Fkft 88[2] contains two further examples of basic difference in Dept and HICOG thinking on contractual relations discussed Deptel 443 July 17 to Fkft rptd Bonn 31 London 367 Paris 378.[3]

(2) First example is statement para 5 Bonn's 52 that Allies will not relinquish power to enact legis. Right to enact legis wld turn Council of Ambassadors into second High Commission. Dept has never supposed occ auths wld have legis power after contractual arrangements became effective and believes it wld vitiate new relationship to retain this power. Allies need not even enact repealing legis for Gers can be authd to do this. In cases where important Allied interests are concerned, amendment or repeal by Gers can be made subject to Allied consent.

(3) Second example is statement para 1 Bonn's 52 that special position of Allies includes right to ensure respect of internatl agrmts affecting Ger but not covered by contractual arrangements. Agrmts mentioned this connection are general ones which cover great variety of subjects, particularly Potsdam and Control Council Proclamation No. 2. Is it HICOM intention retain power enforce these agrmts by requiring Gers comply with their provisions? If so, Allies will in effect be retaining powers broader than those reserved in Occupation Statute which is contrary to our idea of new status for FedRep. Insofar as provisions these agrmts fall within scope of declared purposes for which supreme auth will be exercised, Allies wld of course have right to enforce such provisions. It will be necessary to ensure that statement of purposes for which supreme auth is retained is adequate basis for

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[1] This telegram was drafted by Auchincloss; cleared with Lewis, Reinstein, and Raymond; and repeated to Bonn, London, and Paris.

[2] *Supra.*

[3] *Ante*, p. 1490.

dealing with Sovs. We have reviewed specification of purposes in Deptel 443 and are inclined to believe that while language contained therein describes our aims we must take care that Gers understand our intention to include powers necessary to effective negotiation with Sovs re Ger (e.g. such matters as Jessup–Malik agrmt and Paris 1949 *modus vivendi*[4]).

ACHESON

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[4] For documentation on the Jessup–Malik talks in the spring of 1949 and the discussion of a *modus vivendi* for Berlin at the sixth session of the Council of Foreign Ministers, see *Foreign Relations*, 1949, vol. III, pp. 694 ff. and pp. 856 ff., respectively.

398.10–GDC/7–2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET BONN, July 26, 1951—6 p. m.

72. Prior to ninth mtg of special comite with Ger del on July 25, latter were given Allied papers (being airpouched) on subjects mentioned para 7, Bonn tel 64 July 26, and para 9 Bonn tel 71, July 26, pouched Frankfort.[2]

1. *Non-discrimination against persons cooperating with Allies.*

Gers expressed gratification at degree of agrmt and stated no difficulties anticipated, but reserved final views.

2. *Enforcement of contractual arrangements.*

In paper stating general Allied views re org and functioning of an arbitral tribunal, we made statement "that some parts of contractual arrangements may require setting up of different arbitral machinery to deal with questions arising from them Gers asked what this meant, and O'Neill (chairman) replied we were thinking of special cases of local scope and minor importance of a practical nature not requiring full arbitral machinery, and cited as examples extradition and minor disputes arising from troop agrmt. Gers expressed some doubts on power of tribunal to order remedial action but reserved final views. In general, Gers appeared satisfied with Allied proposals this subject.

3. *Allied responsibilities with regard to establishment of a Ger peace settlement.*

This paper attempted to answer questions raised by Gers at last mtg (see para one re Bonn tel 52 to Dept July 19[3]). Gers stated paper answered their principal questions but reserved position. In amplification and clarification of statement in paper, "in their efforts to lay groundwork for such a (peace) settlement, Allies will fully consult Fed Govt," O'Neill stated we had in mind type of procedure mentioned in my letter to Adenauer of Feb 22 (AGSec (51)356)[4] re then forthcoming four power conference. Purpose of this statement was to make clear that consultation did not necessarily involved getting Ger agrmt.

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[1] Repeated to Frankfurt.

[2] Neither printed; the papers that were given to the German representatives are attached as appendixes to the minutes of the ninth meeting SPCOM/FED/M(51)9, not printed. (CFM files, lot M–88, box 186, record of mtgs with Federal Delegation)

[3] *Ante*, p. 1492.

4. *Scientific research.*

Gers asked numerous questions which indicated their basic desire to have spelled out in detail precise extent of prohibitions and limitations which allies would wish to retain. In general, O'Neill's explanations appeared to satisfy them. They asked specifically whether defense research wld be permitted and cited as example air raid shelters. O'Neill answered he thought air defense measures were currently under discussion between AHC and Fed Govt experts.

5. *Safeguards for prestige and security of Allied Forces.*

As to emergency provisions, Gers stated main difference was on question of whether Allies wld act with consent of or only after consultation with Fed govt. Allied paper stated Allied rights wld include right of mil auths to arrest persons for offenses "within or in immediate vicinity of mil installations." Gers asked whether this wld refer to criminal cases having no bearing on Allied security and were told it wld, but that in principle after arresting persons, Allies wld turn them over to Ger auths.

6. *Foreign relations and internatl agrmts (special position of three powers in Ger).*

Foll are among oral comments Gers gave on allied paper submitted at last mtg (see appendix A to SPCOM/FED/M (51)8).[4] As to ii, 2, Gers stated they were being asked to respect agrmts about which they had not been consulted and, as this was a "particularly serious and grave restriction of political freedom" it wld be hard to obtain legis consent unless all treaties and agrmts covered therein were precisely enumerated. O'Neill stated para referred only to internatl agrmts not covered by contractual arrangements, and he hoped most internatl agrmts wld be so covered. He said we were currently preparing a list of some 700 technical agrmts, the validity of which we wld ask Fed Govt to acknowledge. Majority of these agrmts had spent their force, but we did not wish positions created by them to be disturbed. There were also other categories of treaties we hoped contractual arrangements wld cover. Actually, para ii, 2, refers to agrmts which are at basis for special position of Allies. Gers asked whether by "respect" we meant "will not disturb." O'Neill replied affirmatively as far as those in ref para were concerned. Gers expressed hope no general clause wld cover treaties with which they were unfamiliar, and O'Neill replied we did not expect that, and that Gers wld be specifically advised what agmnts they were to respect, not to disturb, to be bound by or to recognize as valid. As to ii, 4*b*, Gers thought we shld clearly define specific reserved powers and spell out manner in which they wld be exercised. O'Neill called attention to word "any" and stated we did not yet know whether there wld be any. As to ii, 4*c*, Gers stated they still felt power to legislate was incompatible with status of ambassadors and there shld be another method of depriving legis of effect, although they presently had no proposals. O'Neill stated we would discuss in connection with para seven below.

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[4] Not printed.

7. *Preservation of occ legis for which no Ger substitute exists.*

Gers submitted paper (being airpouched)[5] referring to Ger statement in para six above re ambassadors. O'Neill stated allies recognize apparent inconsistency of council of ambassadors having legis functions and wld like to reduce such functions to zero. At present, however, we cannot see way to total renunciation of this power. Previously we gave example of power to deprive legis of effect. Another possibility is legis under emergency powers. A third category concerns legis in field of reserved powers not covered by contracts if any shld remain. He stated one way to diminish legislative power is to reduce as far as possible fields not covered by contracts. If, however, Gers found it impossible to obtain Ger legis approval of certain contracts, then Allies must maintain power to legislate. Gers asked whether maintenance of restrictions, such as in field of scientific research, necessitated legis. They asked whether necessary legis cld not be enacted before contracts are concluded and subsequently lifted by Gers on authority of Allies. O'Neill promised to study proposal.

It was agreed to meet Aug 1 with possibility of a further mtg during same week.

McCloy

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[5] SPCOM/FED/Memo(51)22, not printed.

398.10-GDC/7-2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET Frankfurt, July 26, 1951—7 p. m.

792. Urtel 443 dated July 17,[1] and urtel 585 dated July 23,[2] indicate that we have failed to make entirely clear our views certain aspects contractual relationship.

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[1] *Ante*, p. 1490.
[2] *Ante*, p. 1494.

We agree that retention legislative power is inconsistent with nature of Council of Ambassadors. However, we are unable avoid conclusion that only Allies can exercise the essentially legislative function of depriving quadripartite control council legislation of effect in the territory of the FedRep. So far Germans themselves have not been able to suggest any other solution this problem. Similarly, seems inevitable that Allies wld exercise certain legislative powers in event internal or external emergency situations. Germans have not disputed this proposition either. We and UK at present see no other areas in which Allies might exercise legislative powers after conclusion contractual arrangements, though Fr insist that Allied power shld be reserved in areas of scientific research, disarmament and demilitarization, and prohibited and limited industries.

It is not our intention to require Germans to be bound by all international agreements of Allies affecting Ger. We wld require Germans recognize large number purely technical agreements concluded their behalf, which will be specifically listed, in order prevent disturbance of rights under such agreements. Most such agreements are obsolete and we believe none controversial. Secondly, we wld require Germans recognize small number specified agreements relating reparations such as Safehaven and final act of Paris. Finally, in order retain adequate basis for dealing with Sov and establishment ultimate peace settlement, Germans wld agree to take no action prejudicing those international agreements which are basis of Allied position in Ger. Neither we nor Germans regard this as same thing as Ger commitment to be bound by such agreements.

We do not contemplate retention of unilateral Allied right to impose decisions on Germans in the arbitration process. As HICOM special committee has explained to Ger delegation, our idea is that arbitration tribunal wld order defaulting party to take necessary remedial action within stated time; if defaulting party failed to take such action within stated time complainant party itself wld be authorized by tribunal to take specified action to remedy the breach. Foregoing, of course, applicable regardless of whether Allies or Germans are complainant. Ger initial reaction to this statement generally very favorable.

McCloy

398.10-GDC/8-451 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET Bonn, August 4, 1951—5 p. m.

91. Special Comite met with Ger delegation August 3 for 10th and last scheduled meeting before submitting report to govts.

1. Foll are subjects of eight Allied statements (air pouched) given Gers August 2:[1]

a. Legal status of members of the Allied forces; Allied courts in Germany; and logistical support of Allied forces in Germany. Gers had not detailed comments on these papers but stated they wld study and see how proposals conformed to internatl standards, to Paris discussions re Eur army and to NATO troop agrmts.

b. Respect for rights created by Allied decisions. Gers stated it was generally accepted legal principle that rights created under Allied circumstances did not disappear by reason of subsequent legislative changes and it might therefore be superfluous to conclude contract on subject. Chairman suggested usefulness of inserting agreed principle in agreements.

c. Internal restitution; external restitution. Gers stated wld be psychologically valuable from standpoint Ger public opinion to have impartial clarification of legal validity of past restitution measures. Allies replied they cld not agree as to illegality of past actions and, as to Ger public opinion, it shld be noted that restitution had double aspect and it might not be desirable from Ger standpoint to re-open subject in general.

e.[2] *Fon trade and exchange and settlement of claims.*

f. Questions affecting Berlin. As to Allied–FedRep agrmt on Berlin, Allies pointed out support they received from FedRep was closely associated with defense guarantee they cld give Berlin. Gers agreed and said they saw Berlin support was in their interest also. They considered it wld be bad psychologically for Allies to request FedRep to support Berlin, but were advised this seemed to be largely question of presentation. Chairman stated primary objective is to guarantee fulfillment of Allied undertakings towards Berlin and we wished FedRep recognition of our responsibilities. There was no objection to FedRep making a declaration of intention re Berlin and confirming its assurances in form of agreement.

2. *Maintenance of Allied limitations in certain fields.* [Chairman] Recalled that in discussion of limitations on scientific research question arose as to what limitations considered as necessary by Allies shld be maintained and asked what method wld be most acceptable to FedRep with respect to industry and civil aviation as well as to scientific research. Grewe stated main question was extent of limitations. Gers must consider what measures cld be taken in consonance with basic law and also political and psychological difficulties of concluding agreement if its extent is far-reaching. If limitations were of small extent, they cld be carried out in conformity with Constitutional requirements and there wld be no real difficulty in concluding a contract. Otherwise the only possibility seemed to lie in an Allied reserve power which wld have serious repercussions on whole question of contractual arrangements.

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[1] The eight Allied statements are attached as appendixes to the minutes of the 10th meeting, SPCOM/FED/M(51)10, not printed (CFM files, lot M-88, box 186, record of mtgs with Federal Delegation).

[2] There is no paragraph *d* to this document.

3. *Fon relations.* Allies offered foll comments on Ger statement (air pouched)[3] submitted previous day. Expression of Ger fear that Allies wld utilize powers derived from their special position in executing arbitration decisions was answered by Allied statement that both sides wld be limited by provisions of tribunal decisions and neither cld take measures not specifically authorized. Ger paper expressed grave doubts about recognition of agrmts to be concluded by Allies in future and particularly recognition of Japanese and Austrian treaties and stated recognition such treaties must be reserved for final Ger peace settlement and cld not therefore be included in present negots. Allies stated Ger obligations cld not be postponed until eventual Ger peace settlement. Gers also registered objections to recognizing internatl agreements already concluded and stated inclusion of Washington agrmt, to which there were serious legal objections from both Ger and neutral quarters, cld prevent Bundestag acceptance of whole complex of contractual agrmts. Allies insisted upon Ger acceptance of obligations in Swiss, Swedish and Spanish agreements. Re Ger obligations under technical agrmts, Allies stated all they asked was recognition of validity of situations created by agrmts and validity of rights arising therefrom. Ger paper repeated assumption Allied troops stationed in FedRep wld no longer be for occupation of Germany but for common defense of West. Paper noted Allied view that it wld be possible to conclude arrangements concerning practical effects of Allied right to maintain forces in Germany and stated it wld be desirable that all effects be subject of contractual arrangements. Allies state regardless of purpose and role of Allied forces we maintained right to keep them in Germany.

4. *Travel control.* Gers asked whether requested undertaking on their part to exclude from Germany persons dangerous to Allied security applied only to foreigners and whether Allied powers to control movement of Ger natls wld cease. They also stated it was important that FedRep not be prevented from waiving visa requirements for western Europeans. Chairman stated nature of travel controls was under Allied–FedRep discussion and we were anxious to obtain undertaking that FedRep wld not admit persons threatening security of Allies regardless of nationality or from whence they come.

5. *Conclusion.* In concluding statements Grewe and chairman both stressed preliminary and non-binding nature of discussions and expressed satisfaction with progress made and clarification of disagreed points. Meeting concluded with agreement on press communiqué.[4]

McCloy

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[3] SPCOM/FED/Memo(51)23, not printed.

[4] Not printed; a copy of the communiqué was attached to the minutes referred to in footnote 1 above.

740.5/8-1351

Report of the Allied High Commission for Germany Concerning the Establishment of a New Relationship Between the Allied Powers and Germany[1]

SECRET [BONN,] August 9, 1951.

HICOM/P(51)69 Final

I. INTRODUCTION

1. The Foreign Ministers, at their December meeting in Brussels, instructed the High Commissioners to elaborate in broad terms, for consideration by their governments, a general outline of arrangements to be made with the Federal Republic of Germany, which would reflect changes in the present occupation regime by reason of Germany's participation in Western European defense. The goal was to be the establishment of relations between the Occupying Powers and Germany on as broad a contractual basis as possible, excepting such matters as can be resolved only in a peace settlement. The problems involved in working out such a relationship were to be explored with the Germans.

2. The High Commission, after breaking down the general problem into a list of specific topics, proceeded, with the help of its experts and in liaison with the respective military Commanders, to consider and discuss each topic with a view to arriving at a unanimous recommendation as to whether a contractual provision would be necessary and, if so, what it should contain in order to dispose of the particular problem under the new relationship.

3. After an initial communication to the Federal Chancellor of the substance of the Brussels decisions, the High Commission transmitted to the Federal Government for study its tentative list of problems. Thereafter, when both the High Commission and the Federal Government had made some progress in the formulation of their views, there was initiated a series of exploratory discussions with the representatives of the Federal Government. Ten such meetings have been held. It has been made clear throughout that neither Allied nor German statements bound the respective governments, since the task of both the High Commission and the German delegation was simply to formulate recommendations to their Governments. In some cases, the exchange of views has resulted in minimizing or eliminating differences. It should be stressed also that the German delegation has been given clearly to understand that all important aspects of the new

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[1] Attached to the source text were a letter of transmittal and a note by the Allied General Secretariat, neither printed, which stated that the report was the result of the request made by the Foreign Ministers at Brussels. The report was drafted by the Special Committee on August 5 and approved by the Council on August 9. For a report on its consideration before the Council, see telegram 106, *infra*.

relationship are postulated on the assumption of German participation in the defense of the West.

4. Pursuant to the terms of reference laid down at Brussels, certain problems which involved the interests of powers other than the three Allies, were referred to the Intergovernmental Study Group. These included restitution (internal and external), reparations, foreign interests in Germany, claims against Germany and possible claims by Germany, controls over the Ruhr, and procedure for dealing with the interests of other powers in connection with contractual arrangements. The question of claims against Germany is now being dealt with by the Tripartite Commission on German Debts in London.[2] The question of controls over the Ruhr, as such, is being considered in discussions among the three powers and Benelux growing out of the Schuman Plan. The reports of the Intergovernmental Study Group, insofar as they have been agreed by the governments, have been used in the discussions with the German delegation. For convenience their substance has been summarized in the appropriate Annexes.[3]

5. This report summarizes the views of the High Commission on the fundamental principles underlying the new relationship, on the contents and form of the proposed contractual arrangement, and outlines the German attitude, so far as that has been developed in the joint discussions. It attempts also to formulate for decision by the governments the important issues still outstanding, both among the Allies themselves and between them and the German delegation.

6. This report includes Annexes giving in detail the views of the High Commissioners as to the substantive contents of the provisions of the proposed contractual arrangements. Where the High Commissioners could not reach agreement, the separate views of the High Commissioners appear in the appropriate column. German views on the various issues are given in the last column of these Annexes.

II. Agreed General Principles Underlying the High Commission's Recommendations

The recommendations of the High Commission as to the new relationship to be established with the Federal Republic of Germany are founded on certain basic concepts. These concepts are:

1. The Allies will retain Supreme Authority, and will identify the fields in which they will exercise it. The High Commission is unanimous in believing that the following fields do not form proper subjects for contractual agreements:

(*a*) Allied responsibilities relating to Germany as a whole, including the ultimate peace treaty and the reunification of Germany;

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[2] Regarding the Tripartite Commission on the German Debt, see pp. 990 ff.

[3] None of the seven annexes under reference is printed.

(*b*) the right to maintain forces in the Territory of the Federal Republic and, in emergencies, to take any steps necessary to Allied security;

(*c*) the right to take part in the occupation of Berlin;

(*d*) the right to deprive Control Council laws of effect in the Territory of the Federal Republic;

(*e*) the right to implement international agreements affecting Germany, the obligations of which Germany does not assume under the contractual arrangements.

In some of these fields it will be possible to describe the circumstances and to specify the manner in which Supreme Authority will be exercised, though it will be for the Allies to determine whether the circumstances requiring exercise of Supreme Authority exist. There are important differences of opinion among the Allies on two points: whether Supreme Authority will continue to be exercised in certain fields not mentioned above, and how to identify and describe the fields in which it will continue to be exercised. These differences are analyzed in Section IV of this report.

2. In fields in which contracts are concluded, the agreements will be binding upon both the Allies and the Germans and the exercise of Supreme Authority in those fields will thereby be renounced by the Allies. The agreements must be ratified by the Bundestag and Bundesrat in order to be effective under German law.

3. Upon the entry into effect of the agreements, the Occupation Statute will be abolished and the Allied High Commission replaced by a Council of Ambassadors. Before that stage the three governments will need to agree upon a charter for this Council of Ambassadors.

4. The High Commission considers that in the event of disputes arising out of the contracts, resort should first be had to discussions between the parties. If redress could not be secured in the context of these discussions then either party might refer to an arbitral tribunal. The tribunal would have power to order either party within a stated time to take any action necessary to correct a violation found to exist and to authorise the complainant itself to take specific direct action to redress the wrong in the event of the defaulting party's failure to comply.

The High Commission agrees that recourse to the International Court at The Hague is excluded in all questions arising from the contractual arrangements, and that the arbitration tribunal established by the agreement itself should have sole competence.

6. The contractual arrangements will not be open to accession by other powers.

III. General Principles Underlying the German Attitude

1. The general theory which permeates the German viewpoint is that the agreements should contain no provisions which would not be appropriate in a treaty between equal and sovereign states, such as a treaty among the NATO countries. The German delegation argued that a contract which apparently leaves Germany in the status of a subordinate power could not hope to attract a large majority in the Bundestag. The German delegation has, however, recognized the existence of certain special problems.

2. The German delegation has sometimes, without formally withdrawing them, indicated that its fundamental statements of position are not to be regarded as inflexible. While in most cases it has not indicated just how far from its original position it is prepared to go, in several instances it has modified an original position in order to meet the Allies. Examples are given in the three following paragraphs.

3. In discussing the status of Allied forces in Germany, the German delegation has said that "the physical requirements of the Allied troops . . .[4] as well as their legal status should . . .[4] be adapted to conditions customary in similar international situations whenever troops of a foreign state are stationed in the territory of another state for purposes other than military 'occupation' proper". But subsequent detailed German proposals in this field would give the Allied forces somewhat greater rights than have normally been accorded to visiting friendly forces. The Allies would, under the German proposal, exercise exclusive criminal jurisdiction and a degree of civil jurisdiction over members of their forces; these are broader immunities than would, for example, be provided under the proposed NATO agreement. Similarly the German proposals would permit Allied Military Police to arrest German civilians in "emergencies threatening the maintenance of military order".

4. The German delegation has expressed the view that there should be no further controls, whether through the exercise of residual Supreme Authority or by contract, analogous to those presently exercised by the Allies in the fields of scientific research, industry and civil aviation. But, in response to a statement that the three governments will probably consider some such controls necessary, the German delegation stated that it might be able to agree upon a contract providing for such limited controls as it might find politically and constitutionally feasible. The delegation said, however, that, if these controls were extensive, the terms of the Basic Law or political considerations would probably prevent the Federal Government from concluding contracts in these fields. The delegation added that if the Allies then insisted upon unilateral controls, the effect upon the whole complex of contractual agreements would be very serious. (The field of disarmament and demilitarization was not discussed in these conversations since it was the subject of other discussions at the Petersberg and in Paris.)

5. The Germans have demanded "constitutional autonomy"—i.e., complete freedom from external intervention in the German governmental process. The delegation has asserted that the possession of any legislative power by the Council of Ambassadors is inconsistent with the nature of such a Council. On the other hand, it is willing to consider Allied power to take "special action" in emergencies to be declared only with the consent of the Federal Government. This would

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[4] Omissions in the source text.

seem necessarily to include the exercise of certain legislative functions. Similarly, the delegation has expressed agreement in principle with Allied arbitration proposals, under which the arbitration tribunal could order the Federal Government not to enforce and to repeal legislation inconsistent with the contract. It has agreed to submit to arbitration the exercise of such normal attributes of sovereignty as expulsion and the granting of extradition. It at least recognizes the special problems presented by Berlin.

6. The German delegation has stated that it has maintained liaison with the appropriate Bundestag committees. Nevertheless, it is obvious that the influence of the German political parties and in particular the opposition parties will make itself felt in the future negotiations. The public demand for "equality of rights" (*Gleichberechtigung*) makes it clear that this influence will work in the direction of greater demands rather than less.

IV. Major Intra-Allied Disagreements

The Annexes show that the High Commission has reached agreement over a wide field. The major issues among the Allies which must be resolved by the governments are the following:—

(1) SECURITY CONTROLS

The U.S. and U.K. High Commissioners believe that the contractual arrangement should provide for such minimum controls as security may require in the fields of Disarmament and Demilitarization, Scientific Research, Industry and Civil Aviation. The French High Commissioner believes that such controls should continue to be based on reserved powers exercised through Allied legislation and enforced by the Military Security Board. But he does not exclude, to the extent that the Federal Government would be ready to agree, the negotiation of contractual arrangements providing for German participation in the exercise of some of these controls. In either case it will be necessary for the governments to decide on the controls to be retained in the light of the form of Germany's defense contribution.

(2) PRESERVATION OF DEMOCRACY

The French High Commissioner recommends the inclusion of a provision whereby the Germans would, as a fundamental condition of the agreements, commit themselves to maintain a basically democratic and federal form of government, in which civil liberties are protected, and the decentralized structure of the police preserved. Violation of this provision would enable the Allies to invoke the arbitration machinery. The U.S. and U.K. High Commissioners, while favoring some such declaration of intent in the preamble, would not retain the possibility of any Allied intervention in the German constitutional system, except in emergencies in which the security of the Federal Republic or of the Allies was affected. In the opinion of the U.S. High Commissioner, security would be affected by a clear and present danger to the fundamentally democratic character of the Federal Republic.

(3) DESCRIPTION OF THE AREAS IN WHICH SUPREME AUTHORITY WILL BE RETAINED

All three High Commissioners are agreed that the Supreme Authority cannot be placed upon a contractual basis, but disagree on the manner in which the areas of residual Supreme Authority should be described. The U.S. and U.K. High Commissioners consider that these areas should be identified in the contractual arrangements, the language being carefully phrased to avoid any implication that the authority itself rested on a contractual basis. The French High Commissioner considers that at the time when the contractual arrangements are concluded, but outside their context, the Allies should specify these areas in a formal notification to the Federal Government. He considers that their description in a negotiated contractual arrangement would imply that Supreme Authority itself rested on a contractual basis.

(4) CHARACTER OF THE AGREEMENTS

All three High Commissioners consider that the agreements should be between the U.S., France and the U.K., on the one hand, and Germany on the other. The U.S. and U.K. High Commissioners believe that the agreements should be treated in the same manner as an ordinary treaty for the purposes of signature, ratification and deposit. The French High Commissioner believes that the agreements have a special character by reason of the Allies' position in Germany and the Federal Republic's consequent lack of full sovereignty, and that this would affect the form of signature and the questions of ratification and deposit.

(5) LOGISTICAL AND FINANCIAL SUPPORT OF THE ALLIED FORCES

The High Commission has not been able to agree upon recommendations concerning the conclusion of a contractual arrangement relating to the financing and logistical support of the Allied troops in Germany. The U.S. and U.K. High Commissioners consider that these questions should at some future date be regulated by a contractual arrangement. The French High Commissioner considers that Occupation Costs should not be so regulated. The French and U.K. High Commissioners do not think it possible to determine the contents of any agreements in this field until a decision has been taken on the nature and timing of a German contribution to Western defense. The U.S. High Commissioner believes that it is possible and desirable to make recommendations now as to the contents of a contractual arrangement, and has done so, as set forth in the appropriate Annex. He recognizes, however, that a final decision can be taken only when the terms of the German contribution are settled.

(6) SECURITY OF THE ALLIED FORCES

(a) *Offences against Allied Security*

The three High Commissioners agree that the contract should provide for German legislation punishing offences against Allied security, but disagree as to how far the Allies should rely solely on the German authorities to prosecute offences thereunder by Germans and other persons not within exclusive Allied jurisdiction. The U.K. High Commissioner considers that a stage will have been reached at which the

Allies should retain no jurisdiction to try Germans. The U.S. High Commissioner considers that normally offences against Allied security should be tried in German courts, but that the Allies must have a right to withdraw from German jurisdiction and try in their own courts exceptionally serious offences against their security. The French High Commissioner considers that certain exceptionally serious offences should remain in principle within the sole competence of the Allied courts but that the German courts may be specially authorized to exercise jurisdiction. He considers that all other offences against Allied security should be treated as proposed by the U.S. High Commissioner.

(*b*) *Expulsions*

There is also a difference of view concerning the right of the Allies to demand the expulsion from Germany of persons not within exclusive Allied jurisdiction. The U.S. and U.K. High Commissioners are prepared to accept a German proposal that where the German authorities do not agree to expel at Allied request the matter should be submitted to arbitration. The French High Commissioner, however, considers that the Allies should, under the contract, maintain the right to require the Germans to expel on serious security grounds persons not within exclusive Allied jurisdiction. The French High Commissioner takes the view that the question whether Allied security will be prejudiced should not be left for decision by an arbitral tribunal.

(7) LEGAL STATUS OF ALLIED PERSONNEL

The three High Commissioners are not in agreement as to the status of Allied nationals serving with the Council of Ambassadors, and their dependents. The U.S. and French High Commissioners would provide for such persons the same privileges and immunities as would be provided for Allied military personnel, whereas the U.K. High Commissioner believes that these persons should enjoy only those facilities or immunities which they would enjoy under normal diplomatic practices.

(8) ALLIED TRIBUNALS

The U.S. and French High Commissioners believe that in the exercise by the Allies of such jurisdiction as may be retained by them under the agreements, each Ally must under its own law determine the tribunals appropriate. They would undertake to provide tribunals to try any case withdrawn from German jurisdiction. The U.K. High Commissioner believes that the agreement should provide for the abolition of all Allied Tribunals in Germany with the exception of courts-martial.

(9) REPARATIONS

The U.S. and U.K. High Commissioners believe that without prejudice to a final peace treaty the reserved power in this field could be relinquished on conditions to be specified in a contract. The French High Commissioner considers that a reserved power should be retained.

(10) FOREIGN INTERESTS

The three High Commissioners have been unable to discuss contractual arrangements in this field pending the settlement by governments of the disagreements in the report of the Intergovernmental Study Group. These disagreements concern the property rights and interests in the Territory of the Federal Republic of United Nations nationals which were impaired through discriminatory action between 1 September 1939 and 8 May 1945. The French and U.K. governments consider that in so far as these property rights and interests cannot be restored, the Federal Republic should undertake to pay compensation in Deutsche Mark. The French Government considers, moreover, that the general undertaking which would be required of the Federal Republic should extend to those areas annexed by Germany during the war. The U.S. Government considers that no such undertakings should be required, since in its view this matter has been regulated by the Final Act of the Paris Conference on Reparations.

(11) INTERNAL RESTITUTION

The Intergovernmental Study Group was unable to agree upon the requirements to be asked of the Federal Government in connection with compensation for victims of Nazi persecution. The High Commission is still unable to solve this problem and consequently has been unable to define the extent of the obligation which the Germans should be required to assume in this field in connection with the conclusion of the contractual arrangements.

V. Allied-German Differences on Particular Points

There are, of course, as appears from the Annexes, numerous differences of detail between the German and Allied positions. Wherever the High Commission has deemed it feasible, it has modified its initial views to take account of the views of the German delegation.

While the discussions so far have not permitted clear definition of the Allied and German differences on all points, the following important differences have emerged:

1. STATE OF EMERGENCY

The German delegation is prepared to consider that the Allies be empowered to take "special action" in emergencies, but maintains that the consent of the Federal Government should be obtained before a state of emergency is declared. The Allies, while willing to consult so far as possible with the Federal Government, are unwilling to make its consent a prerequisite to declaring a state of emergency.

2. SECURITY CONTROLS

As above indicated, the German delegation has taken the position that there should be no further controls of any sort in the areas of scientific research and industry. The High Commission has informed the German delegation that in its opinion the three Governments will regard some such controls as essential.

3. REPARATIONS

Notwithstanding their different views on the question of reparations, as stated in Section IV, the three High Commissioners believe that provisions should be made in the context of the contractual arrangements for recognition by the Federal Republic that it is bound by certain international agreements which have been or will be concluded jointly by the three Powers on the subject of reparations and German external assets. The German delegation has raised very strong objections against such recognition, especially as regards the Safehaven Accords. It has stated that a provision of this sort would be calculated to wreck the acceptance by the Bundestag of the envisaged system of contractual arrangements.

4. REAFFIRMATION OF EXISTING COMMITMENTS

The German delegation is generally reluctant to repeat in the contractual arrangement commitments which the Federal Government has already given in other contexts. This point arises in connection with proposed contracts in the fields of allocation of materials in short supply, strategic commodities export controls and D.P.s and refugees. The High Commission would wish to see these existing commitments brought within the scope of the enforcement provisions of the contractual arrangements.

5. DEFINITION OF ALLIED PERSONNEL BENEFITING FROM IMMUNITIES

While all three High Commissioners believe that the immunities from jurisdiction and taxation of uniformed members of the Allied Armed Forces should be extended to other persons accompanying or serving with the Forces, including dependents, the German delegation would not extend these immunities to dependents.

6. PERSONS SENTENCED BY ALLIED COURTS

The High Commissioners consider that measures of clemency and parole for persons sentenced by Allied courts, but confined in German institutions, should be reserved to the Allied Authorities, acting on the advice of mixed Allied-German Commissions. The German delegation believes that such measures should be within the province of the German authorities.

7. JURISDICTION OVER ALLIED PERSONNEL IN CIVIL CASES

The German delegation would make German courts exclusively competent in all civil cases save those which involve only Allied personnel or claims against the Allied Forces. The High Commission, on the other hand, believes that the Allies should have power exceptionally to withdraw from German jurisdiction civil cases involving Allied personnel.

VI. Form of the Arrangements

The High Commission recommends that the subjects which the governments agree to place on a contractual basis should be grouped for this purpose in a small number of arrangements.

1. An arrangement, which could be called a General Convention, would contain a preamble reciting the purposes of the contractual arrangements; it would refer to the abolition of the Occupation Statute; it could contain the provisions of general application approved by the governments regarding the preservation of democracy, the state of emergency, information and statistics required by the Allies, the establishment of an arbitral tribunal, the repeal of Allied legislation, and the validity of certain acts of the Allied Authorities. It would contain in addition an article referring to the other Conventions and emphasizing that the various Conventions constitute a single whole and will come into force together.

2. The Charter of the Arbitral Tribunal could either be attached as an Annex to a General Convention, or as a separate Convention.

3. An arrangement, which could be called a Convention on Security Controls, and which would refer to decisions concerning Germany's military participation in Western defense, would contain provisions approved by the governments regarding the allocation of materials in short supply, the export of strategic commodities, limitations in the military and industrial fields, controls over scientific research, civil aviation and radio frequencies.

4. An arrangement, which could be called a Convention on the Status and Protection of Members of the Allied Forces, would contain

(*a*) a definition of Allied personnel, together with provisions concerning the privileges and immunities of members of the Allied Forces, especially as regards criminal and civil jurisdiction, including arrests, taxation and customs, property, currency and scrip and official acts;

(*b*) provisions concerning the inviolability of Allied installations and archives, the powers of Allied police, cooperation of German authorities with Allied police, prevention of offences against the security of the Allied Forces, execution of sentences imposed by Allied courts, extraditions, expulsions, and non-discrimination against persons cooperating with the Allies.

5. An arrangement, which could be called a Convention on Logistical and Financial Assistance to the Allied Forces, could contain provisions approved by the governments concerning goods and services in money or kind made available to the Allied Forces; it would contain in addition provisions regarding the fiscal immunities of the Allied Forces in Germany and claims against the Allied Forces.

6. Either a General Convention or an arrangement, which could be called a Convention on the Foreign Relations of the Federal Republic and its Relations with Other Parts of Germany, would contain provisions concerning the undertakings requested of the Federal Government relating to the conduct of its relations with foreign countries and with other parts of Germany, and respect for certain international agreements. It would contain, in addition, provisions regarding material and financial aid to be furnished to Berlin by the Federal Republic.

It will be for decision at the appropriate time whether the above provisions should be contained in a separate Convention or in a General Convention.

7. An arrangement, which could be called a Convention on Allied Programs in Germany and the Protection of Certain Interests, would

contain provisions approved by the governments concerning the validity of certain acts of the Allied Authorities, decartelization, deconcentration, restitutions, reparations, German debts, foreign interests in Germany and Displaced Persons and refugees.

The structure of the contractual arrangements outlined above has not been discussed with the Germans. However, the German delegation has been informed that the Allies envisage the establishment of the contractual relationship on the basis of a small number of arrangements.

N.B. The detailed questions which need to be considered in relation to the above paragraphs are set out in Annexes which give the views of each High Commissioner and, where known, of the German delegation, upon them. These Annexes are numbered to correspond with the paragraphs above.

VII. Conclusion

1. The High Commission would hope to receive from the governments decisions resolving Allied differences revealed in Section IV above.

2. Where there now exists a conflict between an agreed Allied position and the German position as shown in Section V above, the High Commission assumes that if the governments wish to modify the Allied position they will so instruct the High Commission.

3. On the basis of such decisions any remaining differences could quickly be settled within the High Commission. The three elements would then be able to begin negotiations with the Federal Government, the aim of which would be the conclusion of contractual arrangements, to become effective in conjunction with the definitive arrangements concerning German participation in Western defense.

398.10–GDC/8–1051 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY Bonn, August 10, 1951—1 a. m.

106. AGSec from Slater. Verbatim text.

[Here follow paragraphs 1 and 2 in which McCloy reported on the discussion of a draft Federal law amending the German criminal code and on the disposition of claims and suits against JEIA.]

(3) HICOM report concerning new relationship to be established between Allied Powers and Ger (ref HICOM/P (51)69 final;[2] Dept to Frankfort 968, rptd Bonn 62, London 838, Paris 851, of 7 August[3]).

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[1] Repeated to Frankfurt, London, Paris, Moscow, and Berlin.

[2] *Supra.*

[3] Not printed.

Council approved with minor amendments, HICOM report on new relationship to be established between Allied Powers and Ger for immediate transmission to govts (Reber bringing amended copies for Dept's use with him). On my proposal both Kirkpatrick and Bérard agreed to forward, independently of report, US proposed text of general agreement for info their govts. I also suggested that, in order to save time at later stage, standing sub-comite appointed by special comm should (i) proceed with drafting of appropriate provisions embodying sections of HICOM report on which there was tripartite agreement, for use after Foreign Ministers decisions had been made, and (ii) continue discussions on those matters of detail on which tripartite agreement had not been reached. Bérard was hesitant about accepting this proposal until he had consulted his govt, but thought it might be possible to carry it out a little later on. Finally, Council agreed to issue press communiqué stating that report had been approved and dispatched to govts.

After these decisions had been taken, I initiated exchange of views between 3 High Commissioners on question of whether and to what extent there should be, in connection with establishment of new relationships between Allied Powers and FedRep, any provision which would make explicit Allied determination to act to protect fundamental democratic character of govt of FedRep in event of serious attack upon it. I said that in past few weeks US element had made effort to sound out representative Ger opinion, including that of newspaper publishers, clergymen, politicans, businessmen, and govt officials, on this subject and that, although there were differences of opinion as to type of provision which should be made, 90 to 95 percent of those contacted felt that there should be some reservation of power by Allies to intervene in face of serious threat to democratic order. Some opinions favored making provision subject of contractual arrangement; others, feeling it wld be unwise for Federal Govt to be involved in such reservation of Allied Power, favored unilateral declaration by Allied Powers, i.e., announcement by Allied Powers of a kind of "Monroe Doctrine" on preservation of democratic order in Ger; still others felt there should be no explicit reservation of power, but that right of Allies to intervene should be recognized; and finally, another group believed that Allied intervention should take place only at request of Federal Govt.

I said that for my part I had given serious consideration to question whether or not some statement of Allied intention or reservation of power should be made which wld act as deterrent to extremists of right and left in Ger and, in next few years, wld serve to protect newly established democratic order in FedRep until such time as Federal institutions were strong enough to stand by themselves and resist attacks against them.

Kirkpatrick said that whatever representative Germans might express in writing, he doubted whether there was any substantial number who wld advocate in public retention of Allied power to safeguard democracy. If Allies reserve such power they wld have to do it unilaterally, because they cld not expect Chancellor and Bundestag to accept such reservation. There were two considerations which he thought should influence Allied judgment in this matter. In the first place, there was danger of overloading negotiations with Germans on contractual arrangements with so many reservations that whole operation would fail. Allied reservation of sovereignty should be based on what was absolutely vital to Allied security and interests, and not on what was desirable. In second place, he wondered whether formal retention power to safeguard democratic order was practical politics. From his experience, he had impression that most important practical influence on maintenance of democracy in Ger wld be continual presence of Allied troops in Ger. So long as there were large Allied forces in Ger he thought there wld be little disposition on part of Ger public to follow political leaders to whom Allies were opposed.

Bérard said that while he cld not speak for his govt, Fr political opinion generally agreed that at the stage of introducing the new relationships with Fed Govt, Allied Powers wld have their last opportunity to take positive steps for preservation of democracy in Ger. If Allies did not reserve power to intervene to protect Democratic order, it wld be too late to do anything about it after contractual arrangements were put into effect. French impressions as result contact with rep Gers were similar to those reported by US element. He felt that if in adopting contractual arrangements Fed Govt accepted Allied right of intervention in event of serious attack on Democratic order, it wld not have to face attack except from reactionary elements of Ger public. He went on to say that statement by Allied Powers, and especially by US, of intention to intervene in threats to Democracy, wld make it clear to Ger public both in East and West Zones that, whereas US and West powers are actively resisting threat from East, they do not identify themselves with undemocratic objectives of reactionary elements in Ger and Eur who for number of years have been combatting Communism. He considered that such assertion of determination on the part of Allied Govts, and particularly US, to support Democratic govts in Eur wld greatly serve to prevent Ger public opinion being misled on this point in future.

In concluding discussion, I said I appreciated Kirkpatrick's point that presence of Allied troops in Ger wld have salutary influence, but was not sure whether it wld be sufficient deterrent against attacks on Democratic order. I said I did not contemplate any interference with the internal affairs of Fed Govt, any reservation of power simply for sake of holding back power. I thought if Allied powers stated intention to reserve power to intervene in cases of clear and present danger to Democratic order in Ger, they shld couple with this statement of intention to do everything possible to cooperate with FedRep in maintaining econ, social, and polit stability so that it wld be clear that Allies were genuinely concerned about preservation of Democratic community in Ger and were not merely holding back powers.

4. Next meeting.

5. August at Bonn Petersberg. Date of Berlin mtg will be reconsidered next week with probable change to 6 September. [Slater.]

McCloy

B. CONSIDERATION BY THE FOREIGN MINISTERS OF THE UNITED KINGDOM, THE UNITED STATES, AND FRANCE OF THE REPORT OF THE ALLIED HIGH COMMISSION FOR GERMANY; THE DRAFTING OF A GENERAL AGREEMENT ON CONTRACTUAL RELATIONS AND OF A SECURITY GUARANTEE FOR THE FEDERAL REPUBLIC OF GERMANY

762A.00/8–1651 : Telegram

The Acting Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

TOP SECRET WASHINGTON, August 16, 1951—7 p. m.

1201. For McCloy from Reber. Current view here is that any reservation of authority to intervene in Germany in event of disruption of rule of law or threat to security involving danger to basic democratic structure Fed Rep wld conflict with US policy and aims as set forth in NSC 115,[2] airpouched Aug 13 to King for you, and might create serious polit opposition in Ger particularly if viewed in contrast to liberal provisions Jap Peace Treaty. Formula as suggested in Article 10 HICOG draft gen agreement [3] is therefore unacceptable Dept which proposes reserve right to Council of Ambassadors declare state of emergency only in case attack or threat of attack on the terr of Fed Rep or in case security of Allied troops is threatened by public disorders.

This problem will be discussed in Secry's pre-SanFran briefings probably next week.[4] If you have made progress toward formulation of offer assist Fed Govt in event of danger or threat to democratic structure of state as discussed by Council Aug 9, it wld be helpful to have tentative expression your views at earliest opportunity. I have tentatively put forward suggestion that Council Ambassadors might on request of Fed Govt declare state of emergency in event of serious disruption constitutional order threatening basic democratic structure of Fed Rep. [Reber.]

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[1] This telegram was drafted by Reber, who had returned to Washington for consultations.

[2] Not printed, but see editorial note, p. 847.

[3] The draft agreement under reference here has not been identified further.

[4] For documention on U.S. preparation for the San Francisco Conference for the signing of a peace treaty with Japan see vol. VI, Part 1, pp. 777 ff.

WEBB

762A.00/8-2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET FRANKFURT, August 26, 1951—11 a. m.

1780. From Liaison Bonn. In two hour discussion with Dayton and Liaison Bonn, Schumacher and Schmid gave views on several aspects contractual negots:

1. Complained to date had not had single bit of info from govt as to the course of the discussions. Fon Affairs Comite had once heard Hallstein and Grewe at beginning of negots. Comite appointed subcomite for constant contact with negotiators but it had not once been called by Govt. Schumacher took occasion to decry ineptness in foreign affairs of most party leaders except Ollenhauer and Brentano. Even critical own foreign affairs expert Luetkens.

2. Schumacher and Schmid argued strongly defense contribution agreement shld be quite separate from contractual arrangement. If not separated Schumacher said SPD cld not support contractual arrangement since not yet ready to support defense agreement. Amplifying this position, he said if two subjs coupled, impossible to escape inference that Ger was buying her liberty with Ger divisions. Futhermore, though the conditions for a Ger contribution were now well understood by Ger people, thanks to the efforts SPD, this did not mean (as McCloy's quarterly report indicated) that in opinion of Gers the conditions had been satisfactorily met and they were ready to make contributions now. So far, Schumacher stated, the Allies had given no indication whatever their strategic concept of defense of Western Europe. Until it was clear Allied intention in event of war to defend West with aggressive strategy, he cld not go along with any Ger participation in the defense. (In this connection Blank had informed Liaison Bonn that as result of frequent discussions between Heusinger and Schumacher, latter had been persuaded to abandon thesis that prior to Ger contribution the West must furnish enough divisions to guarantee that war will be carried east of Elbe immed it breaks out. Heusinger, Blank says, has convinced Schumacher that the most that can be asked for is an aggressive strategy of defense). Referring to New York guarantee,[2] Schmid stated Allies wld have to define their defense obligations more precisely than have yet done.

3. Turning to question Ger sovereignty, Schumacher criticized Adenauer for recent statements that Ger wld soon regain full sovereignty.

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[1] Repeated to Paris and London.

[2] Regarding the tripartite security guarantee given to the Federal Republic by the three Western Foreign Ministers at their meeting in New York in September 1950, see *Foreign Relations*, 1950, vol. III, pp. 1108 ff.

SPD realized that in connection with Berlin and Eastern relations, it wld be exceedingly difficult to return full sovereignty to Ger. Chancellor's prediction not only misled Ger people and disclosed own lack of understanding but put the SPD in awkward position since it cld not politically advocate a lesser degree of sovereignty than Adenauer even though SPD fully understood this degree greater than practically desirable. SPD now working out its position and wld soon take occasion in the foreign affairs comite to question the govts position.

4. Turning to occupation costs, both attacked any intent charge cost of foreign troops in Germany to Germans. Referred to press reports that US communication troops in France wld be provided supplies and housing thru central Fr procurement agencies at US expense. Schumacher characterized as impudence (Frechheit) Dutch proposal to station Dutch troops in Germany, at Ger [expense?] and Belgian practice of moving regiments from Liege to Aachen where they were maintained at Ger expense and calling this a Belgian contribution to Western defense. If Ger divisions in Eur army were stationed in France, as well might happen, wld France pay their upkeep and housing? Schumacher and Schmid recognized that until Germany has own divisions to support, its position not entirely analogous to France. Nevertheless made it abundantly clear that if and when they do contribute to Western defense, they will expect same treatment as other participants in matter of occupation costs.

5. With regard to troop convention they called attention to NATO model agreement and particularly to local police and court jurisdiction over foreign troops. They wld expect Ger to exercise the same rights although admitted probably necessary to introduce these rights by stages, taking into consideration (*a*) "occupation", psychology of Western troops now in Ger and (*b*) possibly excessively enthusiastic exercise of new right by Germans if granted too suddenly.

6. Discussing status of HICOM successor which he referred to as Council of Ambassadors, Schumacher asked what wld be resulting relationship. Wld Ambassadors individually represent respective Govts or act only as body? If they acted individually on matters between Ger and one country, wld the cases in which they act as a body be specifically enumerated or wld they, as in case of Versailles, cover all matters claimed to arise out of contractual relation? Schumacher seemed to attach considerable importance to this question. Specifically referred to powers of allies in this matter of Ger reunification. Cld a single member of council block move to reunify East and West Ger by virtue of his position on Council? In this connection Schumacher claimed that Schuman Plan provision requiring consent of the higher authority for extension of Schuman Plan area gave France a virtual veto for fifty years over Ger economic reunion.

7. In field foreign affairs, Schumacher asked whether Council Ambassadors in conducting Gers relations with the East wld act as "trustee" or delegate for Ger, or as separate entity exercising continuance of occupation powers. He made no objection to suggestion that vis-à-vis Soviets Council must act under old quadpartite occupation agreement on own authority and not for Ger Govt.

8. On subj of arbitral machinery Schmid explained that his experience and study showed that arbitral tribunals invariably worked to disadvantage weaker states since there were few purely legal questions not affected by political considerations. Tribunals willy-nilly had to

take these into account with result their decisions tended to preserve polit unbalance between the politically stronger and weaker litigant. Hence SPD favored conciliation over arbitration. However, Schmid indicated arbitral tribunals cld play useful role in settling legal dispute once conciliation had disposed of political factors in the dispute.

9. Schumacher discussed at length question of allied right to intervene in internal Ger affairs in event of threat to democratic order in Ger. Recognized advantages in including this right in contract, but felt they were outweighed by disadvantages. Believed no real threat in foreseeable future either from extreme left or right that cld not be handled by Ger Govt. Only real danger to Democratic order in Ger that he cld foresee wld be attempt by new Ger milit order to seize control from civilians as in case of Schleicher. In such a case the Allies, if they had the power, and the will, wld intervene whether or not their right to do so was spelled out in the contract. If they didn't have the power and the will, wouldn't intervene whether or not they had the right. He recognized that specific right of intervention in event of attempted *coup d'état* might be deterrent to any cooly calculating revolutionary, but believed only fanatical extremists wld dare so risky an operation and such fanatics wld not be deterred by anything written in contract.

10. Finally, Schumacher asked whether it might not be possible at this stage for the US to set forth its views on the new contractual arrangement publicly in such a manner as to bring pressure on the Fr to desist from their more unreasonable demands. Schumacher did not specify what these unreasonable demands were nor did any other participants in the conversation.

Bonn Liaison comment. Throughout the conversation Schumacher was comparatively reasonable. He indulged in no polemics and with the exception of frequent digs at the Fr and Adenauer was relatively mild in his comments. Nevertheless he left no doubt whatever that the SPD wld strongly oppose any contractual arrangement that did not genuinely provide for "normalization", as he called it, of Ger's position. [Liaison Bonn.]

McCloy

398.10-GDC/8-2851 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, August 28, 1951—9 p. m.

1882. Dept personal for Byroade. As chairman of commission, I had long conference with Adenauer Aug 27. Fol matters discussed:

[Here follow the first five numbered paragraphs in which McCloy reported on German external assets, occupation costs, coal, reorganization of federal territory, and the Federal Republic's treason law.]

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[1] Repeated to Paris for Bruce and Eisenhower and London for Gifford and Spofford.

VI. Contractual relations and Eur army.

(A) I outlined Chancellor time-table with ref to contractual relations and Eur army as envisaged Wash and Ottawa mtgs and gave him vague indication of Rome mtg.[2] I further indicated doubt as to whether finalized decisions cld be achieved re contractual relations and Ger defense contingent at Wash mtg or Ottawa mtg but expected much cld be prepared between latter and Rome mtg for final action there. I stressed importance of FedRep corraling group of competent experts to cope with substantial work that wld accrue within next two to three months, and particularly importance of having this group headed by person of real substance of Hallstein type.

(B) Re contractual relations, and particularly forthcoming Paris mtg re Eur army,[3] I urged Ger delegation shld see how many problems cld be solved rather than raised. I also stressed importance of capitalizing on great impetus which Eur army concept has presently recd from US introduction of Eisenhower into situation and further of his willingness to undertake on temporary basis duties of Defense Min; further, that it wld be to FedRep's great advantage in eyes of other countries and redound to her benefit in entire contractual relationship negots and contribute much toward her *gleichberechtigung* if approach was on basis of how much FedRep cld contribute on allover basis rather than effort to see how little it cld contribute and still get away with it. I also referred to Schumacher's negative approach and recent statement that contractual relations cld not be tied into defense participation. I stressed that we were not trying to buy Ger contingent or indulging in horse trade. Contractual relations and defense participation inseparably interrelated. Gers must recognize validity of this concept.

(C) Chancellor fully agreed, his exact words being "Schumacher crazy: you either get married or you don't." Blank going to Paris Sept 2 for negots with Alphand who not leaving for Wash until Sept 6. Blank being instructed to take as constructive attitude as possible.

(D) Reverting to contractual relations I portrayed to Chancellor growing difficulty of our situation in having unilateral discussions with Chancellor re general agreement; that I saw only growing embarrassment in delaying posting Kirkpatrick and François-Poncet in this regard. This situation further accentuated by fact that all three Commissioners wld be in Wash together. Chancellor indicated I shld use my own judgment in matter, consistent with safe-guarding Chancellor's relationship with Kirkpatrick and François-Poncet. I indicated I thought best to post both before their departure for Wash. Chancellor will furnish us Aug 28 new draft proposed general agreement, embodying changes suggested by Hays during his visit to Chancellor in Switz.[4] We will give copies to Kirkpatrick and François-Poncet immediately.

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[2] For documentation on the Foreign Ministers meeting at Washington, the NATO Council meetings at Ottawa in September, and at Rome in November, see pp. 1163 ff.

[3] For documentation on the European Army talks (Pleven Plan) at Paris, see pp. 755 ff.

[4] A memorandum of Hays' conversation with Adenauer at Buergenstock on August 11, not printed, is in file 762A.00/8–1551; for the text of revised draft of the general agreement, see telegram 2026, *infra*.

(E) Chancellor then stated that he took advantage of Aug 22 visit of François-Poncet to Paris to send through him personal letter to Schuman on general subject section VI this cable. Schuman promised Chancellor reply to this letter before Schuman leaves for San Francisco mtg.[5] Chancellor will furnish me Aug 28 with memo embodying such features his letter to Schuman as he thinks US shd know. He made clear this was not to be furnished to UK.

(F) Chancellor next gave me memo entitled "preliminary solution of Eur defense community." Copy being pouched.[6] I am furnishing copies to Brit and Fr and will be studied by appropriate members our respective staffs. Primarily, memo contemplates execution overall general agreement covering Eur army with subsequent more detailed treaty, object being proceed with defense contingents including enlistment and the like under agreement without protracted delay incident execution treaty. Will report further on this subject after requisite study.

[Here follows part seven in which McCloy indicated that he had discussed briefly with Adenauer the Saar, the support of German war veterans for the Federal Government, the Free Democratic Youth Organization, the Socialist Reich Party, and Niemoller's objections to German defense participation.]

VIII. Kirkpatrick seeing Chancellor Aug 28 so that he can be posted insofar as Chancellor sees fit. At François-Poncet's request, and with Chancellor's knowledge, I posted François-Poncet fully on substance today's mtg. Only observation of importance François-Poncet made was that in his Aug 22 mtg with Chancellor, latter indicated to him that Chancellor completely satisfied with Blank and Heusinger but was developing doubts as to reliability of Speidel. François-Poncet stated in his opinion Speidel is quite politically minded.

IX. General atmosphere of 5-hour mtg with Chancellor was most cordial. Chancellor gave appearance of calm and confidence, and reiterated his assurance that he wld personally guide FedRep through coming 2 to 3 months of important decisions if Allies wld help toward creation atmosphere of pol tranquillity in and toward FedRep.

McCloy

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[5] For documentation on the meeting at San Francisco to sign the treaty of peace with Japan, see vol. vi, Part 1, pp. 777 ff.

[6] Dated August 25, p. 869.

740.5/8–3151 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State[1]

SECRET FRANKFURT, August 31, 1951—8 p. m.

2026. For your info herewith Adenauer draft security treaty handed HICOMers August 30.

Begin text: "Draft of a security treaty. Govts of Fr, UK and US (hereinafter referred to as Three Western Powers—TWP) on one part, FedRep on other part, considering that Ger people within territory of FedRep has reconstructed its life on democratic and peaceful basis, and shall resume its place among free and peaceful peoples of world, that state of war between Ger, on one part, and Fr, UK and US and other states, on other part, has been terminated; that accordingly time has come to base relations between TWP and FedRep on freely concluded treaties which confirm decision of high contracting parties to cooperate friendly as equals with view to promoting their common welfare and to assuring international peace and general security have concluded fol treaty:

Art I—(1) Govts of TWP have communicated to Fed Govt a declaration made at FM mtg New York Sept 1950, according to which they will consider any attack on FedRep or Berlin as attack directed against themselves. Consequently, they undertake to maintain armed forces within territory of FedRep and other European territories of strategic importance which, together with forces of FedRep and other states of Atlantic community, are of such strength as to make any attack a heavy military risk for aggressor. US will maintain their troops within territory of FedRep and within other European territories of strategic importance until Eur defense community disposes of sufficient milit forces to fulfill above undertaking.

Legal status of troops stationed with FedRep territory, their accommodation and supply, as well as apportionment of costs for their maintenance, will be settled by special treaty.

FedRep will assume obligation of cooperating as far as possible in fulfillment of tasks of Allied troops within territory of FedRep and in accordance with special agreements.

(2) FedRep, on its part, will make milit contribution to the defense of FedRep, of Berlin, and of other states of Western Europe, within framework of an international army into which Ger contingents will be integrated on basis of equality. Details concerning this contribution will be settled by a special treaty.

Art II—(1) Relations between FedRep and TWP will in future be governed exclusively by treaties concluded between them and by general rules of international law.

Occupation statute of 12 May 1949/6 Mar 1951[2] as well as agreements concluded and directives and decisions issued for first implementation shall cease to be in force on the conclusion of this treaty.

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[1] Secretary Acheson was in San Francisco for the signing of the treaty of peace with Japan.

[2] For the text of the Occupation Statute for Germany, signed at Washington on April 8, 1949, see *Foreign Relations*, 1949, vol. III, p. 179; for the text of the first Instrument of Revision of the Occupation Statute, dated March 6, see p. 1431.

(2) The particular conditions of international situation shall be dealt with exclusively by this treaty and agreements attached hereto.

Art III—With respect to Berlin, Govts of TWP will reserve all rights and powers which they have exercised on the basis of international agreements.

Art IV—(1) High contracting parties agree that the peaceful reestablishment of Ger unity under free democratic constitution such as it exists in FedRep is an essential aim of their common policy.

(2) The Govts of TWP accordingly reserve such rights deriving from international agreements which impose upon them a responsibility for reunification of Ger.

Art V—Maintenance of free democratic order within FedRep is common goal of policy of high contracting parties.

TWP are prepared to continue their economic assistance as it was hitherto afforded to FedRep with view to excluding econ chaos and unemployment as well as danger of development of totalitarian systems resulting therefrom.

Art VI—The high contracting parties agree that peace settlement for whole of Ger on basis of treaty freely concluded between Ger and her former enemies remains final aim.

Art VII—If in case of war threatening or spreading to territory of FedRep or in case of grave internal disturbance competent Fed and *land* authorities are unable to take and execute measures necessary for maintenance or re-estab of public security and order govts of TWP reserve right after previous consultation with Fed Govt to take measures necessary for maintenance or re-estab of public security and order.

Art VIII—(1) FedRep will pursue a policy in accordance with principles of UN Charter and with aims contained in statute of C of E.

(2) High contracting parties undertake to consult one another with respect to all questions concerning their relations to states of Eastern bloc.

Art IX—(1) Any disputes arising from interpretation or application of present treaty and of special arrangements attached hereto shall be settled by mixed arbitration tribunal consisting of an equal number of members of each party and of a neutral chairman.

(2) Composition and organization of arbitration tribunal, arbitration procedure, and execution of decisions of arbitration tribunal shall be determined in a special treaty attached to this treaty.

Art X—(Provisions concerning ratification and coming into force of treaty)".

McCloy

Editorial Note

The Foreign Ministers of the United States, the United Kingdom, and France met at Washington, September 10–14, to consider, *inter alia*, the report of the High Commissioners on contractual negotiations with the Federal Republic. They agreed on the text of an instruction to the High Commissioners which outlined the procedure for further talks with the German representatives and on the text of a draft agreement on general relations with the Federal Republic.

For the minutes of the Foreign Ministers meetings at which Germany was discussed and for the texts of the instruction and draft general agreement, see Tripartite Min's 3–5, September 12 and 13, pages 1268, 1272, and 1279 and WFM T–5*a*, September 10, page 1197, and footnotes thereto. For the text of the High Commissioners' report, see HICOM/P(51)69 Final, August 9, page 1501.

762.00/9–2351 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY FRANKFURT, September 23, 1951—8 p. m.

2649. Eyes only Acheson and Byroade. It has become obvious since my return that negotiations to carry out Washington decisions[2] will be strongly influenced by reemergence issue of German unification.[3] Cool analysis and action in connection this situation will be needed in coming weeks.

There is possibility that events, nurtured by Soviets, may push unification issue into forefront of German mind, with contractual arrangements and defense participation temporarily becoming secondary matters. There is no profit in telling Germans to take one or other because basic urge for unification is such that any opposition on our part to it would make it impossible for any German government to participate in any and all projects to integrate Western strength.

We must not of course get into position of bargaining for German support for our plans. At same time we must not permit Soviets to take leadership in unification issue. Our policy must be to convince Germans that realization of projects to integrate Germany with free world is only firm basis for later unification of Germany. This is complex and holds possibility that we may not be able to stick to original timetable and that our activities in next few weeks must be elastic. Insistence on immediate action on integration, without meeting unification issue, might destroy chances to achieve our fundamental policy.

My long, friendly talk with Reuter yesterday September 22 in Berlin emphasizes these points.[4] It is well to keep in mind that Reuter recently had patched up some of his differences with Schumacher who supported Mayor other day in internal Berlin SPD controversy.

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[1] Repeated to London and Paris.

[2] For the texts of the decisions on Germany, taken at Washington by the three Western Foreign Ministers, see WFM T–5*a*, p. 1197, and footnotes thereto.

[3] For further documentation on the U.S. position on the question of German unification, see pp. 1747 ff.

[4] For further documentation on U.S. policy toward Berlin, see pp. 1828 ff.

Reuter believes we must take Grotewohl proposals[5] seriously. At present he feels these actions have been primarily propaganda, but that there is likelihood Soviet, fearing German armament, may make bold unification proposals in coming weeks. Until they do, he favors Germans in Berlin and Bonn handling situation. Mayor said Germans recognize hollowness of Grotewohl proposals and his own quick, firm action in replying on Berlin phase of problem will be followed next Thursday in Bundestag when Bonn Government will lay down precise terms and answers for all German elections. Allies, Reuter believes, should keep their powder dry, wait a few weeks and see what develops from East.

Nevertheless Reuter emphasizes that German unification urge is such that if Soviet pushes we shall be facing serious problem. At present time he feels we should go forward with our timetable for integration with West, but we should recognize that events might interfere with that timetable. He admitted that, faced with serious choice between unification of Germany on democratic but neutral basis, and immediate integration into Western defense, German people would find it difficult not to choose unification. He made plea for patience and understanding on this point, emphasizing that reunited Germany would be stronger democratic Germany than present Bundesrepublik. Just as Berliners, who had been through fire in recent years, were strongest democrats in Germany, so would East Germans be firm and lasting democrats because their present experiences would make them for decades bulwark against Communism. Our goal should be, he said, not only to include West Germany but also East Germany into program of European integration.

I pointed out dangers of trying to have it both ways in Germany. American people were impatient for action. They had spent time, effort, money in trying to strengthen Europe, including Germany, so that there would be strength on continent to defend own freedoms. American people would be likely to misinterpret delay on Germany's part at this late stage of proceedings. The Foreign Ministers had taken important decisions with regard to German sovereignty and German participation in defense. It was inconceivable that American people or other European peoples would be interested in defending Germany unless Germans were willing to make contribution to common defense. Just as important in total European program of intergration, I added, was Schuman plan.[6] Germans must now give evidence of what side they were on. World, including America and

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[5] Regarding the Grotewohl proposals of September 15 concerning the holding of all-German talks, see telegram 498, September 17, p. 1780.

[6] For further documentation on the Schuman Plan, see volume IV.

Eisenhower, could not wait much longer for German decision. If Germans were now to delay, American reaction might be to wash hands of entire project and let Germans fend for themselves.

In short, I endeavored to point out the far-reaching significance (perhaps the collapse of the whole European defense system and consequently of US support) if real progress were not made this year. I reminded him that it was the sense of the growing strength of the US, as well as recent US policy, which has brought the Soviet to the point of making this offer. Germans must not dissociate themselves from that policy if they are to continue to be in a strong position in relation to the Soviet.

Reuter was evidently impressed with exposition. He repeated that he saw no reason why at present we should slow up program of integration. I pointed out that Schumacher was not exactly helpful. Reuter said Schumacher is beginning to recognize that there were limits he must not overstep in opposition to Allied plans. "I will do my best with him. Sometimes I can influence him a little though, to be sure, he will not change overnight".

We discussed Schumacher's antagonism toward French. Reuter replied that he too was suspicious of French in Berlin. I told him we had had recent assurances that French would take more liberal attitude toward Berlin–Bonn relationships, particularly in regard to adoption of Bonn laws in Berlin.[7] Reuter declared that a more favorable attitude on part of French in Berlin would make a big difference and would also influence Schumacher.

Conversation with Reuter reemphasized the pull of German unification on Germans. Reuter admitted that neither he nor anybody had found way through complexity of situation. It is apparent however that we are heading into a period where careful thought will be needed in Washington and here.

In sum I am inclined to think we now confronted with the well-designed and planned reaction of the Soviet to the San Francisco and Washington decisions. Response in West Germany already indicates very careful preparation. I urge strongly that in view of the real delicacy this situation that no comments be made until we are sure we have uniform and solid position.

McCloy

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[7] The assurances under reference here have not been identified further. For documentation on the French position on Berlin, however, see pp. 1828 ff.

762.00/9–2551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY FRANKFURT, September 25, 1951—9 p. m.

2718. Eyes only for Acheson and Byroade.

[Here follows the text of the first part of this telegram, relating to a meeting of the three High Commissioners with Adenauer on the morning of September 25, with Grotewohl's proposals for all-German elections as the first topic, printed page 1787.]

Discussion then turned to the results of the Mins mtg and François-Poncet read tripartite memo outlining results of the conference, copies of which are being air-pouched.[2] Memo summarized the underlying principles and dealt with the main requirements. Mtg was then suspended to give the Chancellor opportunity to consider memo and draft agreement,[3] copies of which were also handed him.

Upon resumption it became clear Chancellor was obviously disturbed and appeared to believe that draft agreement implied the Allies were not prepared to accept Ger as an equal partner in the Eur community, or to trust her. He said the Ger people cld only contribute to Eur defense or enter a Eur defense community on a basis of equality and reciprocity, and any agreement providing for Ger contribution must contain these principles. In his opinion the draft before him did not do so and cited four cases:

1. It was not possible to consider that Ger wld be free to conduct its foreign affairs if Council of Ambassadors cld interfere by a majority vote. Also the right of inspection to see to it that contractual agreements were carried out was inconsistent with the principle of equality. If these proposals were maintained, it would mean the High Commission had only changed its name;
2. The idea of a Eur army seemed to him to have been discarded in fact. If Ger were to have no right to build aircraft or to manufacture certain heavy weapons or to engage in atomic research, this implied discrimination and lack of trust. In any Eur army restrictions cld not be applied to one member which did not apply to the others. The concept of role Eur army meant equal standard for all. He felt that many Ger soldiers mistrusted the idea of a Eur army and that their mistrust wld be increased if one partner were exposed to greater dangers or subjected to greater limitation than others;
3. The failure of the draft to include the security guarantee was a serious omission since the Ger people cld never understand why they shld be obligated to contribute to the defense of Eur without obtaining an Allied undertaking to defend Ger. The declaration of the Foreign Mins of 1950 had been a unilateral declaration and cld be withdrawn

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[1] This telegram, which was transmitted in two sections, was repeated to London and Paris.

[2] The text of the memorandum (statement) is printed *infra*.

[3] For the text of the draft agreement on general relations with the Federal Republic, see Enclosure A to WFM T–5*a*, p. 1209.

unilaterally.[4] It was hard to believe that the Allies in their other defense arrangements had made no commitments as to the extent of their reciprocal contributions. The omission of any such undertakings in this agreement gave further evidence of inequality;

4. Although he did not explain in any detail, he said that certain provisions of the draft were not consistent with the Schuman Plan and wld seriously imperil its ratification.

These four examples had given him reason to believe that the proposed draft only represented an amendment of the occupation statute with, it was true, some very marked concessions rather than the creation of a new relationship. Consequently, it wld be impossible for any Fed Govt to accept such a concept or the present draft. Adenauer added, however, that insofar as new arrangements provided for the maintenance of certain acts and legislation of High Commission, these did not appear to offer any serious difficulties. He made no mention of security provisions and Hallstein asked what had become of unilateral declaration or preservation of democracy which apparently they had expected and I gathered were willing to accept.

Chancellor explained his situation had been rendered more difficult by the attitude of Schumacher and of the Protestant leaders, who again were arguing that the basic law prevents conscription for military service. In his opinion, the psychological state of the German people was bad, and that something must be done to restore their belief that the West looked forward to a partnership with Germany in the common interest. He said that if these documents become known to the public they wld be the best support that Grotewohl could obtain.

The Chancellor then formally re-submitted his draft security agreement and asked that this be taken as the basis for negotiation rather than the Allied draft.[5]

François-Poncet said that Chancellor had obviously misinterpreted certain portions of Allied draft, particularly as regards the authority of the Council of Ambassadors to intervene in conduct of foreign affairs. The Council was only empowered to act in matters of tripartite concern in the reserved fields. Also the inspectorate cld be a mixed group in which the Germans cld participate and its activities wld be strictly limited. As regards restrictions on heavy weapons, manufacture of aircraft, the Allies already believed some of these had been accepted, and had been suggested by Herr Blank.[6]

François-Poncet said that the Chancellor had implied his draft had not been sufficiently taken into account, but that if the Allied proposals were carefully examined it would be found that this was not the case.

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[4] For the text of the Foreign Ministers security declaration on Germany, September 19, 1950, see *Foreign Relations*, 1950, vol. III, p. 1286.

[5] For the text of Adenauer's draft security agreement, see telegram 2026, August 31, p. 1520.

[6] During the technical discussions held at Bonn concerning a German military contribution to Western defense. For documentation on these talks, see pp. 990 ff.

Many of his points had been included, and those which cld not be accepted by the Ministers had been explained in some detail in memorandum handed the Chancellor, notably as regards security guarantee and guarantee of economic assistance. It also seemed that the Chancellor considered termination of the Occupation Statute and the end of the High Commission with all that it implied meant nothing since they wld have gone anyway. In giving these up, however, the Allies felt that real concessions had been made to the Germans.

Kirkpatrick emphasized that the Ministers had desired to find a place for Germany in the European community which wld ensure her freedom and her equality. It might be that this principle had not been fully translated in the wording of the agreement. If, on the other hand, the Chancellor's difficulties were limited to the four points that he had raised, Kirkpatrick was confident a solution cld be found. There was room for discussion of all of them. However, there were constitutional difficulties in other countries in connection with any undertaking to provide adequate troops, but even here the Allies had promised to examine the matter further with the Chancellor. The essential point was that this new relationship shld be judged calmly and it shld not hastily be concluded that the Ministers did not mean what they said in talking about equality. He and the Chairman agreed if there were cases in which this principle did not seem to have been applied, it wld be possible to re-examine them.

In conclusion I stated that no one cld doubt the interest of the three Ministers in bringing about European integration and in the integration of Europe they included Germany since without her there wld be no substance to integration.

I then explained at some length US difficulties with regard to any undertaking to station troops and pointed out that at present Germany had obtained more specific guarantee than had been given the NATO powers. I agreed that these issues required further discussion with the Chancellor, and explained that we too had psychological problems which cld only be increased by such statements as Schumacher's which implied the peace of the world was something to be bargained with to improve Germany's status.

I said we all fully realized the difficult problems of Germany's psychology, but I was convinced that the force and logic of European integration wld develop and enable us to reach a common understanding. I said that if our draft convention cld not be signed by any German govt in its present form it was equally true that his draft of security agreement cld not possibly be signed in its present form by any Allied Govt. We were here to negotiate and agree on the method whereby Germany cld as an equal partner integrate itself with Western Europe.

We agreed in conclusion that it wld be preferable to have another meeting with the Chancellor after he had had further opportunity to consider the implication of our draft.

His reaction today was in my opinion based on a feeling that our draft did not fully recognize Germany as a partner mainly because of limitations on end weapons and research and lack of what he calls a reciprocal guarantee of security, but I believe that our subsequent explanations may to some extent have dispelled this first unfavorable impression. In making his report to Bundestag Foreign Affairs Comite this week, he has agreed to stress the fact that the Ministers have recognized that Germany will be accepted as an equal partner in a European defense community. He was obviously preoccupied by difficulties of the current political situation and the problem of obtaining unanimity of approach in answering the Grotewohl proposals. *End message.*

McCLOY

396.1–WA/9–2551

Statement by the Chairman of the Allied High Commission for Germany (François-Poncet) to the German Federal Chancellor (Adenauer) Concerning the Agreements Reached at Washington[1]

SECRET FRANKFURT, September 24, 1951.

It has been our desire to meet you in order to inform you of the decisions taken at the Washington Conference and in order to have a general exchange of views with you before our representatives and experts resume the discussions interrupted two months ago.

The final communiqué of the Conference,[2] as well as the tripartite declaration,[3] with which you are acquainted, have shown you that the relations between our three countries and Germany were in the foreground during our Ministers' conversations.

They were so for two reasons: first, the Ministers expressed their complete approval of the proposed European defense community, which is at present being studied at Paris and in which Germany is invited to participate on the basis of equality.

Second, the Ministers, on the basis of the report which we had submitted to them following the preliminary conversations at the Petersberg,[4] have set forth the principles which, in their opinion, should govern the establishment—between the Federal Republic and our three countries—of contractual relations which will replace the present occupation regime.

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[1] The source text was transmitted as an enclosure to despatch 891 from Frankfurt, September 25, not printed (396.1–WA/9–2551); regarding the manner of its presentation, see telegram 2718, *supra*.

[2] Dated September 14, p. 1306.

[3] Presumably the Tripartite Declaration on European Unity, p. 1306.

[4] HICOM/P(51)69 Final, August 9, p. 1501.

It is the aim of our three governments to integrate the Federal Republic on a basis of equality within a continental European community, itself included in a constantly developing Atlantic Community. The participation of Western Germany in the European defense community and the contractual regime which will shortly govern our relations constitute two aspects of this policy which cannot be considered separately.

Today we merely propose to broach the problem of the intergovernmental agreements which we are charged to negotiate with you for the establishment of our new relations. We do not intend to discuss at length the question of the European Defense Community, which is being studied elsewhere. However, we feel we must stress that in the view of our governments there is a connection between the conclusion of the Treaty creating the European Defense Community and the agreements we are about to negotiate; and we believe that you share this view. These agreements and the Treaty should enter into force simultaneously.

The agreements which it is our task to negotiate with you will result in a complete transformation of the nature of the relationship between the Federal Republic and our three countries and, I believe I can say, the whole world.

Indeed, our three governments wish to treat Germany as a partner on a basis of freedom and equality within the framework of the European Community, in which she is about to become integrated. They therefore wish to be able to renounce the system of restrictive controls which was established in 1945 and has been partly maintained since that date; they intend that our relations shall no longer be based upon the occupation of a defeated country, but upon the cooperation of the Federal Republic with the free nations; they would wish the German people to acquire a sense of its responsibilities and of its own free will to participate in the realization of the common objectives of the Western Powers.

In this spirit they intend to repeal the Occupation Statute [5] and to abolish the High Commission and the Land Commissioners' Offices. The sovereignty of the Federal Republic will be subject only to exceptional restrictions of a limited scope, necessitated by the exceptional international situation, that is to say the impossibility at present of concluding a peace treaty, the partition of your country and the threat to it represented by Soviet Russia.

The relationship between our countries and the Federal Republic will no longer be determined by an imposed Statute but defined in the agreements we are going to negotiate with you. We renounce the right to intervene in the internal affairs of the Federation or the *Laender*.

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[5] For the text of the Occupation Statute for Germany, see *Foreign Relations*, 1949, vol. III, p. 179.

The activities of your legislative bodies will no longer be restricted by our right of veto.

We will be replaced by Ambassadors accredited to the President of the Federal Republic. The Federal Government will conduct its relations with foreign countries in all freedom in conformity with the agreements we are going to conclude.

An Arbitral Tribunal, composed of an equal number of German and Allied representatives, and presided over by neutrals, will make possible the settlement of disputes which might arise out of the implementation or the interpretation of these agreements and which could not be solved by direct discussion between the parties. We feel that this institution will be a clear indication of the spirit of the new regime.

Our governments consider that the agreements we are about to negotiate should form the basis of our relationship until the conclusion of a peace treaty becomes possible.

These agreements will set forth the whole field of the relationships between the three Allied Powers and the Federal Republic. They will therefore cover numerous problems of varying importance. We believe that it is appropriate to leave the discussion of technical issues to our experts, but that it is necessary to take up the essential points with you, that is to say those which have the greatest significance for your government and ours. On all these points you will recognize that the fullest consideration possible was given to your wishes.

In Washington the three Ministers recognized that the participation of the Federal Republic in Western Defense would enable them to relinquish in most fields the exercise of the supreme authority assumed by the Allies in respect of Germany by virtue of the Declaration of 5 June 1945.[6] The provision for the resumption of powers which appears in Article 3 of the Occupation Statute will disappear.

The three Powers will, however, continue to exercise that part of supreme authority, the exercise of which is rendered indispensable, in the interests of the Federal Republic, as well as those of the Allies, by the present threats to the security of Berlin and the Federation. In preserving these special rights their objective is to ensure the means of limiting Soviet initiative in Germany, to preserve the means of guarding against aggression from the East and to permit the peaceful re-establishment of German unity.

The rights thus retained relate to three fields only.

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[6] For the text of the Declaration Regarding the Defeat of Germany and the Assumption of Supreme Authority With Respect to Germany by the Governments of the United States, the Union of Soviet Socialist Republics, the United Kingdom, and the Provisional Government of the French Republic, signed June 5, 1945, at Berlin, see Department of State Treaties and Other International Acts Series (TIAS) No. 1520, or 60 Stat. 1649.

They apply, in the first place, to the responsibilities of the Allies with regard to Germany as a whole. These responsibilities relate to obligations arising out of international agreements concerning Germany, to the unification of Germany and to the Peace Settlement.

The rights of the three Powers relate, in the second place, to questions on Berlin where it is essential for the Allies to maintain their position vis-à-vis Soviet Russia.

They finally apply to the stationing in Germany of the Allied Armed Forces and the protection of their security. In order to guarantee such protection, the three Allies shall have the right to declare a state of emergency, after consultation with the Federal Government, in order to meet situations which will be clearly set forth in our agreements. Such situations would be those arising: from an attack, or threatened attack, against the Federal Territory or Berlin; from a serious danger to the security of the Armed Forces of the three Powers caused by a grave disruption of public or constitutional order or the grave threat of such disruption; or again, from a specific request from the Federal Government.

Our three Governments rely on the Federal Republic's undertaking not to create, or to allow the creation of military or para-military forces, including police forces, other than those which will form part of the European Defense Community.

In turn, the Foreign Ministers were agreed to consider that in view of the integration of the Federal Republic in the European Defense Community, the controls exercised until now in the military and industrial fields and over scientific research should very largely be relinquished. The limitations which will be maintained will cover the manufacture of aircraft, certain military equipment and weapons, related scientific research and work in the field of atomic energy, and should be contained in one of the agreements into which we are to enter.

There would no longer be a security control office vested with administrative powers. There would, however, be retained an observation and inspection agency which would be attached to the Ambassadors and would not itself have power of decision.

The Foreign Ministers have considered the problem of the logistical and financial support which the Federal Republic should give to the Allied Forces. They acknowledged that this question should be settled on a contractual basis. The ensuing agreement will thus put an end to the system of mandatory occupation costs.

The Ministers consider that the Federal Republic should make an overall contribution to defense expenditures, representing an economic and financial effort comparable to the one sustained by the other principal Western countries, on the European continent and elsewhere. This contribution would be applied to Germany's financial obligations towards the European Defense Community and to the support given by the Federal Republic to the Allied Forces stationed within its territory.

In any event, the agreement would have to regulate the supply of goods and services which the Allied Forces may obtain from Germany.

It is not possible for us to go into further detail on this subject today. Technical methods and the conditions governing the evaluation of this contribution are still being studied at the expert level.

With regard to the programs undertaken by the Allies in Germany, it has generally been recognized that their completion could be entrusted to the Federal Government within the scope of the future agreements. In our opinion, all these programs are of great importance. We do not wish to discuss here questions of decartelization, foreign interests, external restitution, refugees and displaced persons. We are taking up only three questions which, to us, seem to necessitate certain explanations immediately.

(*a*) *Reparations*

The abolition of the Occupation Statute will presuppose relinquishing the reserved powers in the field of reparations, but the Federal Government will, in turn, be asked to recognize itself bound by the international agreements in this field which, in particular, cover German assets abroad; it should also maintain in force the relevant Allied legislation. Furthermore, the rights retained by the signatory nations of the Act of Paris for the final settlement of reparations should be preserved.

The difficulties encountered by the Federal Government in this respect have not escaped the Foreign Ministers, but the three Governments are themselves bound by international agreements whose implementation in Germany they must ensure.

(*b*) *Deconcentration*

As we have already stated on several occasions, the execution of AHC Law No. 27[7] is an essential condition to the realization of the European Coal and Steel Community. It should therefore continue to be implemented after the coming into force of the Schuman Plan and the abolition of the Occupation Statute. To this end, the Coal and Steel Control Groups should be maintained, but should only have those powers essential for ensuring implementation of the law. They will be dissolved as soon as implementation of the programs has reached a sufficiently advanced phase.

The agreements should also provide for the carrying out of other programs of deconcentration, particularly as regards I.G. Farben and the Grossbanken.

(*c*) *Internal Restitution*

The Foreign Ministers consider that the obligation to ensure compensation of victims of Nazism, wherever they reside, should rest upon the conscience of the German people. They consequently wish that necessary measures be taken as soon as possible in this field in order to obtain promulgation of laws on compensation in those Laender where such legislation is not yet in force. All legislation in this field should be harmonized and maintained, in implementation of the agreements which we are going to conclude, to ensure the completion of restitution proceedings on a basis no less favorable to the victims of Nazi persecution than those provided in the laws in effect at the present time.

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[7] For the text of Allied High Commission Law No. 27, "Reorganization of the German Coal and Iron and Steel Industries," signed May 16, 1950, see *Laws, Regulations, Directives and Decisions*, vol. I, pp. 155–180.

In the draft security treaty which you informally handed to us before our departure for the United States, you introduced a clause relating to a commitment by the Allied Powers to maintain sufficient troops within the Federal Territory so that, together with the other NATO and German forces, they would make any attack a heavy military risk.

The Ministers considered your suggestion. They felt that a clause of this nature would raise serious difficulties in the Parliaments of their countries. They wish to study this question both in the light of these difficulties and the reasons giving rise to your proposal. We could speak to you about this subsequently.

Meanwhile, the New York Declaration of 19 September 1950 publicly stated that the three Governments would regard any attack against the Federal Republic or Berlin, wherever it came from, as an attack against themselves. We wish to state that this Declaration remains in effect. The time and the form which would be the most appropriate for its possible reaffirmation will be discussed with you.

Your draft security treaty also provided for the three Powers to undertake to furnish economic aid to the Federal Republic so as to prevent economic chaos, unemployment and possible resulting dangers.

You will understand, I am sure, that our Governments are unable to make a commitment of such scope: moreover, such a commitment is inappropriate to the agreements we propose to conclude.

The maintenance of certain special rights for the Allies and the implementation of the agreements to be concluded will necessitate coordinating the action of the representatives of the three Powers with the Federal Republic. This is why the Ministers laid down that the three Ambassadors would meet as a Council whenever questions requiring tripartite consideration arise. Among other things it would be for the Council of Ambassadors to declare a state of emergency, and operating under this Council will be the observation and inspection agency to be set up in security affairs.

We feel that the new regime might be defined in a group of five or six Conventions which should be ratified by the Federal Parliament and become effective simultaneously. One of these Conventions, preceded by a preamble and which might be called "General Agreement on the Relationship between the Federal Republic and France, the

United Kingdom and the United States", would set forth the general and essential principles. The other Conventions would cover, in particular, the status of Allied personnel in Germany and the protection of their security, the Federal Republic's logistical and financial support to the Allied Forces, restrictions in the interest of security, carrying out of certain Allied programs, and the arbitral tribunal. As these Conventions will be technical, we are leaving it for the experts to be the first to take up discussion.

We consider that our representatives and experts should meet as soon as possible and begin to study these questions so that these drafts can be submitted to us some time next month. We are ready to discuss with you any questions which you might wish to raise before our experts meet or at any time during the negotiations.

We believe that the proposals which we have brought back to you and the essentials of which I have outlined represent a decisive step and will open up new horizons and possibilities for the Federal Republic: they should enable it to assume of its own free will increased responsibilities and to take its rightful place in the community of peoples devoted to the defense of freedom and peace.

662A.00/9-2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY FRANKFURT, September 26, 1951—9 p. m.

2744. Eyes only for Acheson. Following HICOM's meeting with Chancellor Monday,[2] Hallstein and Blankenhorn saw PolAd's late Tuesday. They stressed importance of conducting negotiations with minimum of publicity. Chancellor has not yet given details to Cabinet or Bundestag and has asked that every effort be made to prevent leaks to press and speculation by unauthorized individuals. We agreed do our best to minimize speculation.

Hallstein said he had several further points to raise which had come to light after more careful study on tripartite memorandum[3] and proposed draft convention.[4] He outlined these as follows:

1. Reserved powers. Whereas Federal Government recognized Allies must retain certain rights, it proposed these should be subject of agreement with Federal Government. To define them so they appear to be a relic of supreme authority would be interpreted in Germany as merely another form of the general recapture clause now contained

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[1] Repeated to London and Paris.

[2] For a report on the High Commissioners meeting with Adenauer on September 25, see pp. 1525 and 1787.

[3] *Supra.*

[4] For the text of the draft convention, see p. 1197.

in paragraph 3 of Occupation Statute. Federal Government likewise wished avoid any mention of declaration of June 1945 since German public would not understand that at time Germany is being admitted to European community as a partner some of its sovereignty would continue to be exercised by others.

2. State of emergency. Hallstein explained that right to declare state of emergency appeared to be expression of highest authority and suggested it be rephrased so that it becomes a more normal exercise of right of the Allies to defend themselves. It would be possible, however, to define the situations in which the Allies might exercise this right.

3. Status of troops. According to Hallstein, the treaty establishing European army would change the status of French troops in Germany since all European forces would be here on same basis. It was difficult to reconcile this principle with any agreement providing for special status for French troops. He recognized that problem of US and UK forces was different.

4. Programs. (*a*) Reparations. Hallstein considered that all that was necessary would be for Germans to agree to take no action prejudicial to eventual settlement of reparations in peace treaty.

(*b*) Deconcentration. The necessity of maintaining coal and steel control groups should further be studied in light of French Government's letter of April last [5] since Hallstein thought that after entry into force of Schuman Plan their continued existence might be incompatible with assurances given the Germans. Hallstein said that this was what Chancellor had in mind when he said Monday that there was aspects of our proposal which were not in conformity with Schuman Plan.

This problem required further study on part of the Germans and Hallstein proposed to provide further details prior to Monday's meeting.

(*c*) Internal restitution. Whereas Hallstein made no specific proposals in this respect, he raised question whether present system in force particularly in US Zone provided fair and just solution.

5. Council of Ambassadors, Hallstein reiterated the Chancellor's argument that continued existence of Council of Ambassadors would mean that High Commission had only changed its name. He saw no need for continuing such an organization. The provisions for inspection, even though they were limited to security restrictions, were likewise incompatible with equality of rights.

6. Security safeguards. The prohibition of manufacturing of war materials and atomic research could only be dealt with through European defense force in interest of common defense. Continued restrictions of this nature did not conform to Germans new partnership status. He proposed such restrictions should be handled in manner similar to agreement dealing with materials in short supply. In German view there could be no reason to keep any restrictions on manufacturing of civil aircraft.

7. Consultation on matters relating to the East. Hallstein recognized Allies had agreed to consult Germans on all matters affecting Germany in relation to Soviet Union but pointed out that Germany's

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[5] For the text of this letter, dated April 18, see volume IV.

proximity to Soviet Union meant that it would be vitally affected by all aspects of Allies dealings with Soviet Union. He therefore asked that Germany be associated in the formulation of common policy vis-à-vis Soviet Union in same way that it will be associated in formulation of common defense in Europe.

8. Arbitration tribunal. The reservation that questions relating to reserve powers and state of emergency would not fall within jurisdiction of arbitration tribunal was an impossible stipulation for Germany since the tribunal would have no meaning if it were not empowered to deal with factors limiting the sovereignty of the Federal Republic.

As time was limited because Hallstein had to attend meeting between Schumacher and Adenauer, PolAd's took note of his declarations and explained briefly why it was not possible, in particular to accept German position on reserved powers, state of emergency, reparations, and consultation on matters relating to the East, and arbitration tribunal. Federal Republic agreed status of French troops in connection with European army required further study. It was pointed out in matter of Security safeguards these were being further examined by our governments to whom German observations would be communicated. We made brief explanation for the need three Ambassadors to act in council on matters affecting tripartite interests but said we were prepared to examine question of presentation if principle were agreed. Further discussions on these and points raised by the Chancellor will be scheduled at early date.

McCloy

762.00/9–2751 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET PRIORITY FRANKFURT, September 27, 1951—8 p. m.

2803. Eyes only for the Secretary and Byroade from McCloy. I consider yesterday's Bundestag action as favorable. It seems clear that Chancellor sought to find conditions which were unacceptable to Sovs and at same time sound. Union between Schumacher and coalition force in voting also helpful though Schumacher probably inclined more toward unification than Adenauer.

Commies (Reimann) make the issue clearly between unification and integration, each precluding the other. Hallstein immed afted debate stated govt was pleased with Bundestag action adding, however, that Schumacher was seeking support for his anti-integration program on ground Adenauer program impaired effective exploration of unification possibilities; in other words SPD line about the same as Commie line only put less bluntly and with different ultimate objectives.

Hallstein indicated necessity of going forward rapidly with Washington decisions in order to face opposition with *fait accompli* as soon as possible but expressed view that Chancellor wld have to have much improved package than that disclosed to him at first mtg if he were to offset opposition in light of Grotewohl proposals and Schumacher position.

Chancellor is now putting out to press that he is pessimistic about our negots. This is partly studied and partly real. He is not thinking realistically re security guarantee as he has in mind a security contract embodying the mutuality of old type Eur mil alliances rather than an appreciation of Atlantic security concept or position of the US. I intend tell him Monday we are not going to respond to Grotewohl by raising a bid, that there are principles to which we are going to adhere—Ger divisions or no Ger divisions, but within that framework we are prepared sincerely to negotiate with him in order to find the forms which can best meet the needs of effective presentation to all our respective parliaments and people. As there are many signs that Gers feel we can be forced to raise our bids, it is important to check growth this attitude quickly if we are to make progress. Indeed there is for the moment a spate of wild demands from many quarters in Ger. Therefore, our line shld be that we do not intend to abandon our principles whether Ger contributes or not. On the other hand, we shld point out our well-considered policy is to continue to offer a solid base for Ger participation in the Eur West community with the vast imponderable of US support, with all that this implies for the security and welfare of Eur, incl Ger and the world. The introduction of this note in good-tempered but firm form from the US while expressing full sympathy and understanding for the desire and propriety of Ger unification wld be helpful. My overall feeling is that though we have not yet felt either the last Sov attack on this line or the full weight of even the initial attack, we can continue to hold a good position. It may cost us some delays if for no reason than that it will take some time for Ger opinion to resettle before we can put it confidently to a real test. Intend keep this note uppermost in talks with all leaders during coming week. Long talk with FDP people last night whose gen attitude seemed constructive.

Believe it is rather clear Adenauer's real concern over Wash decisions lies in the security guarantee field, commercial aviation and council of Ambs. So far no real concern expressed over emergency clauses re security of troops though no doubt he will try out many other points as he goes along.

There is rather convincing evidence some one either in my office or yours is leaking to Schumacher or his people. I am trying to take effective precautions here but in this case speed with which he seems to have had full Wash decisions even before we returned here points to possibility though not certainty of Wash leaks.

McCloy

662A.00/10-151

Memorandum by Martin J. Hillenbrand of the Office of German Political Affairs to the Director of the Office of German Political Affairs (Laukhuff)

SECRET WASHINGTON, October 1, 1951.

Subject: Some Thoughts on Contractual Agreements

I have been watching the rapidly moving developments of the past few weeks with a certain vague sense of disquietude, and this memorandum represents mainly, I suppose, an attempt to spell out somewhat more clearly the reasons for my uneasiness. The recent telegrams reporting the initial German Government reaction to the tripartite proposals on contractual relations have indicated that we are in for a rough period of negotiations. On the other hand, the development of initial rigidities in our position, as seems to have taken place in Mr. McCloy's own thinking, means that we are entering this period with far from the most favorable attitude for the achievement of mutual agreement. Once again, it would appear, we are smothering our policy in the mantle of self-imputed righteousness which we insist in wrapping around ourselves in dealing with the Germans.

Perhaps I have misunderstood our approach to contractual agreements, but I had thought that the present HICOM discussions with the Germans were to be in the nature of negotiations rather than merely the presentation to them of fixed positions which they could either accept or reject but from which we would not deviate in any essential respect. It seems quite clear that, if such was not the intention, we need to adjust ourselves quickly to the fact that such must be the reality if we are to make any progress at all.

In the development of an apparently rigid approach, HICOG seems to be losing sight of the hierarchy in our various policy objectives. The basic question is: How badly do we want German participation in Western defense? If we decide, as I think we already have, that we want it very badly, then it is not enough simply to talk of adhering to our principles whether Germany contributes or not. This is particularly the case when our principles seem to become confused with dogmatic positions on such questions as deconcentration and restitution. Obviously, we can go no faster than we can persuade the French and the British to move along with us, but at the present time the rigidities seem to be developing within our own thinking.

What HICOG overlooks is the need to keep the whole picture in mind when we make decisions in any specific area of activity. For example, the FDP is on record as being unwilling to agree to ratification of the Schuman Plan unless all economic controls over the iron and steel industry are lifted. We all recognize that without FDP support Adenauer cannot achieve Bundestag ratification of the Schuman

Plan. We are all aware of the far reaching and disastrous repercussions which such a failure would have on our entire European policy. In such a context a completely inflexible approach can only court disaster.

It seems apparent that HICOG is failing to assess properly the strength, determination and ingenuity of the forces opposing settlement with the Western powers which find their focus in the SPD.[1] Adenauer's position internally is not a strong one, and to depend on his admitted skill at maneuver to push through a settlement, which from the German point of view is unsatisfactory (apart from the obvious unfavorable comparison with the Japanese Peace Treaty), is to overestimate the role of cleverness in the dynamics of political power. Either we give Adenauer an agreement which can elicit popular response in Western Germany or we undermine the bases on which his coalition rests. On the other hand, while the Chancellor's position is weak vis-à-vis the SPD, we need to remember that, partly as a result of this and partly as a result of the general implications of our German and European policy, he is bargaining with us from what is essentially a position of strength. It is delusive to think that the Western Powers can gain their objectives merely by remaining firm all along the line.

On the subject of informational tactics, it is, of course, shocking that the suspicion should even arise that someone is leaking information to Schumacher, although I find it somewhat difficult to understand how this could be happening in Washington, given the physical problems involved. However, indiscretions seem the order of the day. Drew Middleton's despatch from Frankfurt in the "New York Times" of Sunday gave a fairly good summary of the line which McCloy, in a recent telegram, indicated he would use with Adenauer today. If the leak was calculated, it can scarcely have been wise since it would almost certainly get the Chancellor's dander up.

It is not apparent why, on the basis of the Foreign Ministers' communiqué, the German press should have broken into a spate of comment on the alleged intention of the Western powers to maintain a reserve power to guarantee democracy. Regardless of the intention behind the drafting of the instructions of the Foreign Ministers to the three High Commissioners and of the draft Agreement which accompanied them, the interpretation which will now inevitably be put upon Article VII of the Agreement is that it, in effect, includes a direct right of intervention to preserve democracy. Even Mr. Grotewohl in a recent speech commenting on the Washington Conference took this for granted. Perhaps, the situation would not be beyond rescue if our Public Affairs people could be authorized to clarify the tripartite position.

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[1] Next to this sentence in the source text Laukhuff had written "Hicog has consistently underestimated the German reaction and then made our task harder."

Although this observation is somewhat apart from the foregoing, it is not irrelevant to note that, even if it can be achieved, the contractual relationship embodied in the instructions of the Foreign Ministers must be an impermanent arrangement. It was, I believe, the original intention that the contractual settlement would achieve a condition of political equilibrium until those prerequisites were attained which would make a final peace settlement possible. It seems questionable that the present type of settlement can last very long, or can even be made to operate within its own terms. Just as every exercise of reserve power under the revised Occupation Statute has involved essentially a political decision, so the submission of every case to the Arbitral Tribunal, and particularly the enforcement of the Tribunal's decisions, will involve a political decision. There is no magic in the term "arbitration," and the whole concept of a standing mixed tribunal in this context seems reminiscent of the pre-World-War I fallacy regarding the justiciability of political issues. I do not think it will work.

762A.00/10–251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

TOP SECRET PRIORITY FRANKFURT, October 2, 1951—7 p. m.

2894. Eyes only for Secretary and Byroade. Prior to Monday's mtg between Chancellor and High Commission Hallstein had informed me that Chancellor was very discouraged as he considered decisions communicated to him last week were not consistent with Washington communiqué and declaration. It appeared to him that Ger had not been granted equal partnership since Allies were reserving supreme authority, including right to intervene in case of an emergency. Hallstein further argued that emergencies should be limited to external attack and that all reserve rights should be subject to arbitration.

When Chancellor appeared for Monday's mtg it was evident that he had gone over tripartite memo and proposed draft convention with very critical eye. No doubt he also had been influenced by his recent conversation with Schumacher,[1] who continues to take a negative position and by the political situation which encourages him to ask for further concessions in order to make integration more attractive than unification. He said that Schumacher had stated that neither his nor SPD attitude was in any degree altered as result of Washington decisions. Schumacher still argues that just as Schuman Plan places Ger economy at disposal of France, so wld Pleven Plan place Ger manpower at France's disposal.

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[1] No report on Adenauer's conversation with Schumacher on September 25 has been found in Department of State files.

Chancellor declared that documents recd last week were not compatible with Washington decisions which had promised complete transformation of Allied-Ger relations, integration of Ger as an equal partner, abolition of occupation statute and of rights to interfere in domestic affairs. He then mentioned five points in Allied position which seemed inconsistent with these principles:

1. Retention of supreme authority. Whereas he was prepared to admit that special rights with respect to Berlin and unification of Ger were necessary, he insisted that these should be derived from agreement with FedRep and not from declaration of 5 June 1945, which was infringement on full sovereignty. Reserved right to protect the security of troops was no longer necessary since troops wld henceforth not be occupation forces but allies associated in a common defense effort. Consequently their rights in Ger would be based on agreements. He argued that it wld be dangerous to base retention of powers on agreement with Sovs and furthermore, the '45 declaration had become obsolete by Allied termination of state of war.[2] Allied proposal meant to him that we had not renounced supreme authority. Since in his concept no retention of supreme authority was required, it wld not be necessary to retain the Council of ambassadors and no special control or inspection authority should be tolerated. It wld be for the Paris negotiations [3] to determine what control organizations should be established and restrictions agreed there should equally apply to the European defense organization. Furthermore, arbitration provisions should be [approached as?] reserved rights including right to declare a state of emergency. Circumstances might arise in which emergency action might be required without waiting any arbitral decision but in these cases action should later be reviewed by the court.

2. Ger unification. He asked whether the reservation of Allied special rights in this field meant that FedRep could not itself decide upon the conditions for unification but must submit to Allied direction. There was also connection between this and provision for Allied representation of Ger interests (para 4(2) of draft convention). He did not explain this in detail and subject was left for further consideration.

3. Reparations. Chancellor repeated his previous objection to recognition by FedRep of agreements relating to disposal of Ger assets abroad but agreed to have matter studied further by experts.

4. Deconcentration. Chancellor objected to Allied statement that execution of Law 27 was essential to realization of Schuman Plan. He said that if Law 27 was now linked to Schuman Plan it strengthened opposition's argument that purpose of this plan is merely to weaken Ger industry. He had evidently been influenced by recent article in

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[2] On July 9, President Truman had addressed letters to Vice President Barkley and Speaker Rayburn proposing that Congress end the state of war still existing with Germany. On the same day Morrison announced in the House of Commons that the United Kingdom was also preparing to terminate the state of war with Germany. For the text of President Truman's letter which included a draft resolution and the statement by Morrison, see Folliot, *Documents on International Affairs, 1951*, pp. 129–133.

[3] For documentation on the work of the European Army Talks at Paris, see pp. 755 ff.

Le Monde which stated that Schuman Plan wld secure for France Ger's war potential which was more important than her manpower.

5. Security guarantee. Chancellor said he did not understand why a reiteration of the security guarantee in the treaty form wld give rise to any more difficulties on American side than did the original guarantee. Furthermore, he considered that since Eisenhower's mission was to defend Eur, including Ger, this mission had in some way superseded the guarantee. It was difficult to follow his reasoning on this point and it has been left for later discussion.

In conclusion, Chancellor argued that situation in Ger required careful handling, particularly in view of Sov efforts to impede integration of Ger in West defense system. He was confident he could handle Sov approach provided we could assist him in matter of restoring Ger's sovereignty. He argued at some length that opinion in France in particular should be brought to realize importance of this problem. He seemed to feel that reply to recent Sov note[4] implied that France's sole interest in integration was in order to prevent Ger from having its own defense forces and to fear that France was prepared to make deal with Sov Union at Ger's expense. Was not entirely reassured by our insistence that these agreements represented united Allied desire for integration of Ger.

Upon conclusion of Chancellor's declaration, Kirkpatrick asked whether this meant that Chancellor was no longer prepared to accept his own draft which had granted Allies special rights, including power to intervene in an emergency.[5] Chancellor claimed his draft was still valid but suggested that articles 3, 4(2) and 7 be included in a separate treaty since main convention should contain only the essentials. Kirkpatrick pointed out that these rights were essentials, not only for Allies, but in Ger's interest as well. In demonstrating, that there was no contradiction between Washington communiqué and draft treaty, we said we had always made clear to Clancellor that we had to retain special rights in limited fields. Furthermore, these had apparently been accepted by Gers since they were included in Chancellor's draft and Hallstein had told French in Aug that Gers agreed to these limited powers.

Kirkpatrick then said it seemed the principal difficulty was not that certain Allied rights should be preserved but whether these should be derived from '45 declaration or obtained by agreement with FedRep. Chancellor stated categorically that FedRep was prepared to grant Allies by contract those rights which they now claimed through the exercise of supreme authority derived from the '45 declaration, and agreed difference related primarily to source of rights. A long discussion ensued in which High Commissioners pointed out that we could not surrender the rights vis-à-vis the Sovs which we now had in return for some uncertain legal theory, and that our right to be in Berlin was derived from the '45 declaration and to abandon it now wld mean risking the basis for our position there. Chancellor continued to insist that reservation of exercise of supreme authority in this field was contrary to principle that Ger wld be accepted as an equal partner and that it wld be useless, if not damaging, to invoke the '45 declaration as the source of our authority. He declared such wld be clear indication that Allies have not yet abandoned role of victors in Ger and therefore psychologically difficult for Gers to accept. He furthermore argued that supreme authority is by its very nature indivisible and that whereas its possessor may renounce its exercise in specified fields he can nevertheless resume full powers.

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[4] Presumably a reference to the Soviet note of June 20, p. 1159, and the French reply made at the last meeting of the Four-Power Exploratory Talks at Paris on June 22. Regarding the latter, see telegram 7987 June 22, p. 1161.

[5] For the text of Adenauer's draft, see telegram 2026, August 31, p. 1520.

In discussing status of troops, Chancellor argued that as all forces of the Eur army wld have equal status, there was no ground for giving any special rights or powers to French forces in Ger which was not conferred on all other Eur contingents, including Gers. He admitted this was a problem, particularly since US and UK will not be members of EDF.

Although Chancellor had previously agreed that Allies wld be granted all their special rights by contract, it became clear in discussing the declaration of a state of emergency Chancellor was not prepared to confer this right upon Council of Ambassadors and only to give milit commanders the powers to deal with attacks from abroad or to protect their troops in event of disorder. He said that Article 77 of draft convention for the Eur Defense Community had now superseded the proposal in his draft convention giving Allies right to declare a state of emergency. As we were not informed of this new proposal we reserved comment until we could examine draft. As regards internal developments in Ger and possibility of a putsch, he felt that joint measures could be worked out to meet this danger. Kirkpatrick argued, however, that best protection against such internal dangers wld be to make clear in advance to prospective putsch leaders that machinery to deal with them existed.

In referring to Chancellor's insistence that arbitration provisions apply to Allied right to take measures for protection of security of their forces, I pointed out that wld be impossible for US to agree to subject the security of our troops to arbitration or to place our commanders in a position where they might later be called to account by a neutral arbiter.

Although Chancellor at first inisted that contract should grant special rights in Berlin and in respect to unification of Ger, he admitted that vis-à-vis [Berlin?] these rights could also be derived from internatl agreements other than declaration of June '45. HICOMs doubted that those rights could be protected unless based upon such declaration but agree to study matter further. Dept views in this respect wld be appreciated. Chancellor, however, appears reluctant to grant full rights with respect to security of our troops or the declaration of a state of emergency. This represents a change in position he took prior to Washington mtg. Any mention of retention of supreme authority apparently raises psychological problems for him which are difficult to concede at this stage. It is too early in our negotiations to determine whether he has adopted this attitude merely for its tactical value or whether this represents his present estimate of what the Bundestag will accept. It may be that he believes we will have to modify our original position because of the lure of unification and is sounding us out. I believe we must make it quite clear to him that there are certain basic principles which must be respected and which we cannot abandon, although we should be fully prepared to discuss different methods of presentation.

A further mtg is scheduled for Wed. Experts' negotiations have been postponed pending further progress on the main issues.

Chancellor has urged us to avoid any press statements and to try to prevent leaks to press or other Ger officials.

McCloy

662.00/10–451 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY Bonn, October 4, 1951—11 a. m.

215. Eyes only for Secretary and Byroade. Kirkpatrick (chairman) opened discussions of Washington proposals at Wed mtg[2] between Chancellor and HICOM's by proposing that following topics, which had been raised by Chancellor on Mon, be dealt with before reverting to question of supreme authority:

1. German unification. He explained that para 2, Art 2 of draft[3] had been inspired by allied desire to proceed in close touch with Gers on all questions relating to unification and Ger as a whole. Chancellor said he had been pressed by Schumacher to ascertain whether Ger wld be required to abstain from independent action re unification or be precluded from independent negots with USSR on this subj. He was told that as allies had undertaken not to talk to Sovs about Ger behind

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[1] Repeated to Frankfurt.

[2] October 3.

[3] This paragraph of the general agreement read:

"2. The three powers declare that they will consult with the Federal Republic in regard to exercise of this authority with respect to questions relating to the discharge of their responsibilities regarding Germany as a whole, including the unification of Germany and a peace settlement, and with respect to questions relating to Berlin."

For the full text of the draft general agreement, see p. 1197.

her back we wld expect that Ger as member of Western community wld not talk to Sovs behind our backs. We must also preserve possibility of preventing another govt in Ger from making deal with Sov Union which wld threaten peace of Europe. Chancellor agreed to this interpretation.

2. Representation of Ger interests abroad. As regards this question which Chancellor had on Mon linked with foregoing, it emerged that he feared Fed Rep might be prevented from joining certain organizations or dealing direct with other countries because of limitations to be imposed in contract. It was pointed out, however, that this clause had only been inserted as an indication of allied willingness to assist Fed Rep where it was unable because of attitude of Sov Union or satellites to take care of its own interests. We agreed not to press this clause if Chancellor found it objectionable.

3. Stationing of troops. Chancellor has just recd note from Canadian Govt announcing the stationing of troops here as part of NATO forces. He said that if US and UK forces were stationed in Ger on basis of declaration of June 1945, while Fr, Dutch and Belgian troops were to be here as part of EDC forces and Canadians and others as part of NATO, complete confusion wld ensue and that a formula must be found to cover all of these forces. He was particularly concerned that Fr shld claim right to station troops here by exercise of supreme auth, whereas at same time its forces form part of Eur Army. It was agreed to revert to this question later.

4. Reparations. Subj matter has been referred to experts.

5. Deconcentration. On Mon Chancellor had objected to statement that implementation of Law 27 was essential condition for fulfillment of Schuman Plan. He added that continuation of coal and steel control groups under allied control wld be contrary to Schuman's letter of Apr 18 [4] which had said HICOM, including control groups, wld cease to exercise functions taken over by high auth. I explained that principal difficulty in field of deconcentration had been occasioned by Ger delay in executing present programs. It had been assumed deconcentration wld be substantially completed before high authority assumed its powers, which do not include auth to carry out deconcentration program. As this was now being done by control groups they must continue their task until it was concluded. Chancellor agreed with us that it was important that work of deconcentration shld be carried out as quickly as possible and said that best solution wld be its completion before entry into force of treaty. Shld it not be possible to complete this work by then other arrangements wld have to be made. HICOM's pointed out that only way to eliminate necessity for contractual provisions concerning deconcentration wld be to finish work of control groups by effective date of treaty. In any event deconcentration provisions wld not be linked with Schuman Plan.

6. Security guarantee. Chairman explained that FonMin's had shown great understanding for problems facing Chancellor in this connection and were prepared to go as far as they cld to meet this difficulty, having in mind their own constitutional limitations. He briefly reviewed problems involved in NATO guarantee and pointed out difficulties of giving Ger a treaty guarantee which went further than that given NATO powers. He said declaration which was recog-

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[4] For text see volume IV.

nition of existing state of affairs shld provide adequate protection. I then outlined US difficulties in this connection but pointed out that we had accepted the Sept guarantee which we were prepared to reaffirm. It might also be possible for us to declare our intention to station troops in Ger in substantial force but we cld not agree to any commitment to station any specific number. Chancellor appeared satisfied with these explanations and thought that declaration might suffice, depending upon its content and how it was issued.

After brief recess discussions were resumed with respect to problem of supreme auth. Chairman explained that there were two aspects to this problem, juridical and practical. The latter was more important but it shld also be made clear that we based our right to maintain troops in Ger on the supreme authority assumed by us in declaration of June 1945 and that same constitution concept applied to our auth in Berlin. This concept had been used as basis of our dealings with Sovs and had justified retention of our troops there. As regards practical aspect, the UK, which was stationing bulk of its forces in Ger, leaving its own territory relatively unprotected, must have guarantee that maintenance of these troops in Ger and protection of their security was adequately assured. For this reason emphasis must be placed upon retention of such rights as will protect security of our troops in any eventuality.

I pointed to unprecedented character of steps US has taken in stationing troops here and said that it was inconceivable at this stage of development of Eur defense that we could keep our troops here unless our rights were unequivocable from point of view of security. Our retention of supreme auth for this purpose did not mean that we were endeavoring to restore our entire auth as regards Ger since we were prepared to grant it full practical sovereignty in domestic and foreign affairs but we cld not exchange our present firm legal basis for an untested legal theory. Furthermore, our proposal meant that our rights vis-à-vis Russia were clear and these shld be of deep concern to Gers as well as to allies.

Along discussion of basis for exercise of supreme authority in these fields ensued, the Chancellor continuing to argue that retention by allies in any field was incompatible with Ger partnership in Eur defense community. He also insisted that rights granted by treaty with Fed Rep provided a more unequivocable basis than if they were derived from declaration validity of which under international law was not only questionable but cld be challenged by Russians since we had already granted Fed Rep many of the powers reserved to us under it. We insisted upon the importance of preserving rights set forth in Art 2 of allied draft since they were necessary to provide adequate protection for our troops and basis for dealing with Russians. It was doubtful whether these cld be preserved vis-à-vis Russians if they were derived from agreement with Fed Rep. Adenauer offered to give us by treaty all that was required in respect of unification of Germany, Berlin, and security of our troops and also to work out something which wld answer our needs in event of unfavorable evolution in Germany or to prevent another "ruination of democracy" in Germany since Germany, too, had a lively interest in preservation of democracy. He was convinced that agreement with Fed Rep wld give us better basis for intervention in this respect than declaration of June 1945 and that majority of Bundestag wld grant this.

It finally emerged that Chancellor might be prepared to agree, if specific reference to declaration of June 1945 were eliminated, that rights of allies re Germany as a whole and Berlin cld be safeguarded by providing that nothing in this agreement wld affect rights of allies in these particular fields which had been derived from international agreements. It wld be understood that although declaration of June 1945 was not mentioned it wld remain in effect in these fields. It was questionable whether such formula wld cover rights to station troops in Germany or to protect them. These might have to be spelled out in some other way.

Chancellor suggested clause stating agreement wld not affect rights which three Western allies have in Germany as between themselves or with respect to a third party, but objected to any formula which implied that Fr troops might be in Germany on a different status than other contingents of Eur Army. It was agreed that we wld all examine possibility of rephrasing provisions relating to Berlin and Germany as a whole and determined further specific mention of declaration of June 1945 cld be omitted. Discussions on these points will be resumed at next mtg Oct 10. Chancellor will be in Berlin at end of this week and Kirkpatrick in London on 8th and 9th. Meanwhile mtgs between experts on other phases of problem, including programs and arbitration tribunal, etc, will be held as soon as possible.

In my opinion some real progress was made in yesterday's mtg by the elimination of misunderstandings in Chancellor's mind concerning certain of the problems. On subj of supreme authority he seemed disposed to seek solution and is apparently sincerely desirous of giving us rights we need if we can find an appropriate formula re sovereignty.

McCLOY

762.0221/10-1051 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, October 10, 1951—4:10 p. m.

2312. (1) Dept has been considering question continued existence zones of occupation under contractual relationship. Since zones were estab by agrmt with Sovs in exercise supreme auth, and since supreme auth will be retained to discharge Allied responsibilities re Ger as a whole, contractual arrangements wld have no effect on existence of zones.

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[1] This telegram, which was drafted by Auchincloss and cleared by Laukhuff, Lewis, and Raymond, was repeated to Bonn, Berlin, London, and Paris.

(2) Dept believes zones shld continue exist in purely technical sense, but that no practical consequences shld derive from their existence. Creation of zones is so closely connected with 1945 quadripartite agrmts, and also with status Allies as occ powers and right remain in Berlin, that we wld not be prepared terminate their existence formally and thereby give Sovs further opportunity argue we had lost right to our position in Ger. On other hand, we appreciate persistence of zones will be offensive to Gers and inconsistent with new relationship, that nothing shld be said about them in contractual arrangements, and that no publicity shld be given their continued existence. Accordingly suggest, if you agree, foregoing considerations be discussed with Brit and Fr and, provided they concur, subj be discussed with Gers so there will be no misunderstanding either side.

(3) Understand Def expects zones to have no meaning in future mil arrangements, since Ger will be divided into "mil areas" not corresponding to present zones.

ACHESON

662.00/10-951 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

TOP SECRET WASHINGTON, October 11, 1951—4:33 p. m.

2337. Reurtel 3058 Oct 9.[2] Expecting ltr from Defense momentarily setting forth Joint Chiefs views formula which might be used for security guarantee. Hope be able give you further info within few days.

Meanwhile, Brit Emb transmitted lengthy *aide-mémoire* to Dept Oct 9 concerning problem. Main points may be summarized thus:

1. Adenauer proposals for security and troop-commitment guarantees not only too broad but questionable whether three Allies alone shld make commitments on subj of close concern to all NAT powers.
2. Adenauer's proposal for counter-undertaking for Ger cooperation is valuable and some such commitment shld be secured. However, such commitment outside EDC and NATO might encourage Gers demand some form Ger armed force outside EDF under their independent control as means of carrying out their obligations.

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[1] This telegram was drafted by Laukhuff, cleared with Barnard, and repeated to Bonn.

[2] Not printed; in it McCloy noted the importance which Adenauer attached to a security guarantee and asked whether any progress had been made toward the formulation of a State-Defense position on the question (662.00/10-951).

3. Theretore, HMG consider problem shld be dealt with in framework EDC agreement which most natural vehicle for reciprocal agreement binding Gers to cooperate in common defense, especially "so long as Ger membership of NATO is precluded". Existing three Power security guarantee shld be assimilated to existing NATO obligations and shld in effect constitute reaffirmation those obligations by all NAT powers rather than extension those obligations by three NAT Powers only. HMG wish no special rights or obligations on either side outside collective NATO arrangements (including EDC).

4. HMG propose Fr Del, supported by US–UK observers, raise in Paris Conference question of defining obligations of EDF members assist one another. EDF agreement wld subsequently be laid before NATO for decision whether interests UK, US and other Powers adequately safeguarded or whether additional action, such as NATO declaration, is desirable.[3]

First reaction is this proposal may offer desirable procedure for solution security guarantee problem but will give you our views after opportunity further discussion here. Informed similar Brit *aide-mémoire* handed Fr in Paris.

Wld of course appreciate your comments.

This tel exception first para rptd London and Paris for info.

ACHESON

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[3] A copy of the British *aide-mémoire* is in file 762A.5/10–851.

740.5/10–1251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY FRANKFURT, October 12, 1951—7 p. m.

3155. Eyes only for Secretary, Byroade. In informal discussion with Chancellor last night at which Hallstein and Blankenhorn were present, I again raised question of nature of security guarantee desired by Fed Govt. I reiterated our inability to accept anything as broad as or in the form of the Chancellor's draft. I put forward as personal suggestion possible alternatives either declaration along lines of Bendetsen memorandum of Sept 13[2] including reference to stationing of troops or treaty clauses adapting NATO guarantee to Ger. I emphasized neither of these was definitive US proposal and both would require further consideration as well as consultation with Brit and French.

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[1] Repeated to London and Paris eyes only for Gifford and Bruce.

[2] In the memorandum under reference Bendetsen had stated that it was "unnecessary and possibly dangerous" to include an unconditional security guarantee in the contractual arrangements, but suggested as an alternative a public pronouncement along the following lines:

"On September 19, 1950 the foreign ministers of the three allied powers declared that their governments would treat any attack against the German Federal Republic or Berlin from any quarter as an attack upon themselves. The establishment of the proposed new relationship between the powers and the German Federal Republic does not alter or diminish the effect of that declaration. On the contrary the three powers consider that the protection of the German Federal Republic and Berlin against attack from any quarter is a most important element of the security and peace of the free world. Consequently, the allied powers each undertake to maintain armed forces within the territory of the German Federal Republic for such time, in the light of the world situation, as may be deemed necessary." (762A.0221/9–1351)

Chancellor said he had given careful study to this problem as it had been outlined in our recent meetings and had come to conclusion that in place of NATO guarantee he would prefer reaffirmation of 1950 declaration with statement of intention to station troops provided it were accompanied by expression of tripartite support for Ger in NATO.

During discussion which ensued it emerged that Chancellor looked toward Ger membership in NATO on same basis as other members of European defense community, no more no less. He argued assurances that Ger would be granted equality of treatment as member of EDC implied Ger should be given same status in NATO as other EDC participants since any other arrangement would involve discrimination. Consequently he considered that membership in EDC should mean extending NATO guarantee of protection to Ger which because of Ger's expressed [*exposed?*] position he would like to see reinforced by assurances regarding stationing of troops.

This represents modification of his previous position which I understand has been urged by Blank recently returned from Paris. It is apparent that Chancellor now attaches importance to Ger membership in NATO, but he seems prepared to recognize that relationship of EDC to NATO requires further study before definite assurances can be given that Ger membership in one automatically brings about its membership in the other. He would probably accept brief technical delay in completing formalities admitting Ger to NATO once EDC has been set up. He is however, seeking assurances that Ger will not be left out of NATO when it has given its contribution to defense. Assurances would take form of Allied undertaking to support proposal.

I expressed view that Ger membership in NATO could probably only be agreed after relationship of other members of EDC to NATO had been determined but proposed to seek further guidance in this respect. Also pointed out that three-power undertaking to support was far from receiving prompt acceptance and Hays indicated there might be considerable French and Brit reluctance to press promptly for Ger NATO membership. Chancellor said he would have this question of Ger's relation to NATO as EDF member raised in Paris.[3]

Since it seems unlikely that other members of EDC will forego individual membership in NATO, we must either be prepared to accept Ger membership on same basis or risk charge that Ger is being discriminated against with consequent adverse effect upon Ger defense contribution.

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[3] For further documentation on German membership in NATO, see pp. 755 ff.

Chancellor again emphasized that time was ripe to get ahead with negots, agree on a single relatively brief document and patch up odds and ends later. Widespread contacts with Ger political, press leaders indicate considerable misunderstanding Allied position with no hesitancy on their part to accept reserve rights in fields specified but Chancellor and his advisers seem quite capable of rallying either popular or political support. However believe situation improving (until the next flap).

McCloy

662A.00/10–1351 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY Bonn, October 13, 1951—2 p. m.

231. 1. At mtg of 12 October, special comite agreed to present fol provisional redraft of clause relating to reservations of special powers to Ger steering comite in attempt to meet Chancellor's objections to ref to declaration of 5 June 1945:

"1. Nothing in the present agrmt affects the rights now held by the three powers, as set forth in internatl agrmts, concerning:

(*a*) The stationing of armed forces in Ger and the protection of the security of those forces;
(*b*) Berlin;
(*c*) Ger as a whole, including the peace settlement and the peaceful reunification of Ger.

2. The three powers will consult the Fed Govt in regard to the exercise of these rights with respect to Berlin and Ger as a whole.
3. The FedRep and the *Laender* will refrain from any action prejudicial to the rights of the three powers in the fields referred to in para 1 of this article".[2]

(*Note:* Above does not cover formal renunciation of exercise of auth under June 5 declaration in all other respects as provided in FM text, and separate provision will be required.)

2. Brit stated no further negots with Gers possible on security guarantee until situation clarified on recent Brit proposal to Paris and Washington.[3]

3. Comite approved Brit proposal to create working party to consider privileges and immunities for staff of council of Ambs. US stated

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[1] Repeated to London, Paris, Frankfurt, and Berlin.

[2] For the text of Article II of the Agreement on General Relations with the Federal Republic, approved by the Foreign Ministers on September 14, see p. 1199.

[3] A summary of this proposal was transmitted in telegram 2337, October 11, p. 1548.

intention to renegotiate prewar consular treaty. In reply to Fr question, US and Brit stated present intention was for liaison officers to be members of Amb's staff not mil commanders.

4. At later mtg with Ger Steering Comite (Hallstein, Blankenhorn, Grewe)[4] Hallstein after naming Ger *rapporteurs* proposed fin support be separated from logistical and latter considered together with status and protection. Special Comite Chairman stated unable give position on fin and logistical support at present but wld consider Hallstein's proposal.

5. In discussion on programs, Hallstein stated sovereignty granted to Fed Rep by Washington agrmt cld be restricted either by limiting "substance" of sovereignty or by sovereign FedRep accepting certain contractual obligations. Chancellor cld only accept second concept, which was in accordance with terms of Washington communiqué.[5] As a result of last mtg with High Commissioners,[6] Chancellor understood HICOM interested in "liquidation" of programs so far as possible and in avoiding "vacuum" created by abolition of Occupation Statute. No such vacuum wld exist since Powers previously vested involved wld be handled by Fed legis or exec action.[7]

6. Special Comite Chairman stated Washington communiqué implied commitments by FedRep on subjs other than those specifically mentioned, and emphasized that HICOM powers in certain fields wld only be relinquished if appropriate Fed Rep undertakings were recd.

7. Mtg agreed that despite fundamental difference of approach on programs, *rapporteurs* shld begin exploration of problems involved.

8. Hallstein's attitude confirmed impression (see para 8, ourtel sent Dept 223 rptd info London 78, Paris 84, pouched Frankfort Berlin[8]) that he is seeking to delay action on programs in hope that other phases of contractual "package" can be satisfactorily negotiated and Allies may then be willing to reduce requirements in interests of speedy conclusions of agrmts.

9. On receiving Special Comite formulation of Article II of gen agrmt (see para 1) Hallstein proposed alternative consisting of addition fol sentence after first sentence of Article II: (1) Of Adenauer's "draft security treaty":[9]

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[4] The High Commission minutes of this meeting, SPCOM/FED/M(51)11, not printed, which include as annexes both the High Commission and German drafts of Article II, are in the CFM files, lot M–88, box 186, record of mtgs with Federal Delegation.

[5] Of September 14, p. 1306.

[6] For a report on the October 3 meeting, see telegram 215, October 4, p. 1544.

[7] In telegram 237 from Bonn, October 16, McCloy reported that the last sentence of this paragraph should read: "No such vacuum wld exist since powers previously vested in HICOM wld be taken over by FedRep and problems involved wld be handled by Federal legislation executive order." (662A.00/10–1651)

[8] Not printed.

[9] Text transmitted in telegram 2026, August 31, p. 1520.

"'This treaty does not affect the rights which the three powers enjoy as between themselves or vis-à-vis third powers by virtue of existing internatl agrmts'".

He stated this wld eliminate present Article IV (In Adenauer's draft) but wld not affect Article III (Berlin); he pointed out that his proposal only changed basis of relationship between Allied and FedRep but left undisturbed basis of relationships between Allies and Sovs.

10. Agree no publicity shld be given to Steering Comite or *rapporteur* discussion.

11. HICOM and Ger *rapporteurs* on arbitral tribunal, status and protection and programmes will begin discussions next week.

12. Next mtg of Special Comite and Ger Steering Comite 18 Oct.

McCloy

762A.0221/10–1851 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

TOP SECRET PRIORITY BONN, October 18, 1951—2 p. m.

245. Chairman opened today's[2] meeting between High Commissioners and Chancellor by explaining the status of Canadian contingent attached to Brit occupation forces. Ger newspapers had apparently published conflicting reports concerning basis for presence of these forces in Ger and Kirkpatrick made it clear that contingents of other allied nations participating in Eur defense will be stationed as auxiliary components of occupation forces in Ger.

Chancellor then gave brief report Bundestag session of Oct 16 and expressed gratitude for allied note which had been generally welcomed throughout Ger.[3] He attached great significance to speech of SPD spokesman, Lutkens, [which?] chancellor interprets as endeavoring to lay basis for understanding with Sov Union thus constituting reversal of previous SPD policy. Chancellor said speech undoubtedly had Schumacher's approval but that other members of SPD had disassociated themselves from such expression of policy. He considers this indication that large section of SPD would refuse to fol Schumacher if he endeavored for his own pol purposes to seek closer ties with east (other reports of Lutkens speech in Bundestag indicate he stressed primarily the note that unification of Ger was incompatible with western integration and that latter should not be permitted interfere with unification). He also suggested that Chancellor was too much concerned over attaining eventual sovereignty in matters of little importance vis-à-vis Allies. While he ignored the main issue of unification, combination of these things produced strong disavowal of entire speech by SPD leaders and led to something of an uproar. My impression is that incident has less significance of SPD defection than Chancellor indicates. Schumacher will line them up on his main policy in the end.

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[1] Repeated to Paris, London, and Frankfurt.

[2] October 17.

[3] Regarding the High Commissioners' letter of October 15 concerning all-German elections, see the editorial note, p. 1801.

He stated that general situation and these developments all pointed to necessity of getting ahead immed with our agreements. We agreed but we all have feeling that Hallstein is endeavoring slow things up on lower levels as result of his rather timid approach on all points where he feels any opposition would develop.

Chairman then turned to question of maintenance of Allied rights in Ger as re Berlin and Ger as a whole and stationing of troops. A long discussion ensued at conclusion of which Chancellor agreed to recognize retention by Allies of their existing rights both in respect of Berlin and as regards Ger as a whole, but declared he could not accept Allied requirement that troops should be stationed here and their security protected on basis of existing rights as such would mean continuation of theory of occupation. He insisted that this would be in contradiction to Allied assurances that in future troops would not be occupation troops but troops stationed here for defense of Eur, including Ger. He renewed his assurances, however, that all of the rights needed as regards stationing of troops, their reinforcement, and protection of their security would be granted by Fed Govt in new treaty. He insisted he would give by contract more than they now had by right.

I explained (1) present situation requires that we must have, irrespective of will of Bundestag, full authority to reinforce and deal with all questions affecting security of our troops; this might mean taking measures in Ger politically difficult to secure by contract. (2) Our rights with respect to these troops must be unequivocal vis-à-vis Sov Union, which would not necessarily be case if derived from treaty with FedRep. (3) Contractual agreements with FedRep were contemplated which would establish certain rights and privileges to be enjoyed by our forces and provide for fulfillment of their requirements. Such contracts, together with general reservation of our right to station them in Ger and protect their security would in my opinion seem to meet the preoccupations of Chancellor and still enable us to preserve our fundamental rights.

Francois Poncet agreed and added that he thought the presence of Allied troops here based solely on treaty with FedRep would be more provocative to Sov Union than if they remain in Ger by virtue of rights which have already been recognized. Chancellor dismissed idea that treaty governing presence of our troops would be more provocative than maintenance of occupation rights, pointing out that if Sov Union were looking for provocation such would be provided by large Ger forces in EDF and substantial reinforcements of Allied troops in Ger.

Chancellor then argued at considerable length that concept of Eur army was inconsistent with retention of rights derived from occupation status. Furthermore, since annexation had been precluded the purposes of assuming supreme authority under declaration of June 1945 had been to restore order in Ger and establish democratic institutions. These objectives had been fulfilled and the need to retain troops was consequently no longer based on internal situation in Ger but upon new situation created by threat from east. Declaration of June 1945 could not however be utilized for this different purpose. He reiterated that all of Allied requirements could be covered and covered generously by treaty with Fed Govt which would take into account new situation.

Prior to adjournment we emphasized importance of getting ahead with supplementary conventions since gen agreement alone would be inadequate and unacceptable. Chancellor agreed to issue instructions so that work on other conventions could proceed without delay on Ger side.

It is apparent that question of our right to station troops here on basis of supreme authority is becoming most difficult point in our negots and there does not seem to be an immediate possibility of inducing Chancellor to abandon his insistence upon treaty status for our troops despite fact it may be politically difficult for him to include in treaty all safeguards we should require. I shall discuss this matter further with UK and Fr HICOMS and hope to send further recommendations shortly.

McCloy

740.5/10–1651 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, October 19, 1951—11 p. m.

2528. 1. Dept has carefully considered views contained your 3155, Oct 12 from Frankfort, rptd Paris 226, London 235,[2] and your 238 Oct 16 from Bonn, rptd London 85, Paris 92,[3] re security guarantee.

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[1] This telegram was drafted by Laukhuff, cleared with Parsons, and repeated to Bonn, Paris, and London.

[2] *Ante*, p. 1549.

[3] Not printed; in it McCloy speculated that the British *aide-mémoire* seemed predicated on the assumption that Germany would not become a member of NATO and so would be less acceptable to Adenauer than the procedure outlined in telegam 3155 (*ibid.*). In McCloy's opinion, it was preferable to maintain the September declaration until Germany entered the EDC at which time admission to NATO would be supported. (740.5/10–1651)

2. We have now had reply from Defense accepting formula you discussed with Bendetsen with some modifications. Defense considers it essential any such statement be excluded from contractural arrangements and be a declaration. Formula wld read as follows: "On Sept 19, 1950 FonMins of three Allied Powers declared that their Govts wld treat any attack against the Ger FedRep or Berlin from any quarter as an attack upon themselves. The estab of the (proposed) new relationship between the Allied Powers and the Ger FedRep does not alter or diminish effect of that declaration. Three Powers consider that integrity of Ger FedRep and Berlin is important to peace of free world. Consequently, Allied Powers undertake to maintain armed forces within terr of Ger FedRep for such time, in light of world situation, as they deem necessary". You will see that changes affect only third and fourth sentences original formula. While Dept thinks these changes tend to weaken effect and acceptability of formula to Gers, we are agreeable to having you try it out as one element of solution to security guarantee problem if you consider it acceptable.

3. Have always anticipated Gers wld raise question of NATO membership and you will recall Dept position paper WFM T-4/1*b* of Sept 1[4] called for "decision in favor of admission of FedRep as soon as but not until agreement for EDF comes into force". In full agreement therefore that we shld undertake support Ger admission to NATO when it enters EDF and thus bring about permanent solution of security guarantee problem.

4. Believe we shld reply to Brit *aide-mémoire* along fol lines, informing Fr of nature our reply. We agree with Brit that our goal shld be solution which brings Ger counter-undertaking but within context which brings commitments on both sides into NATO framework, since matter of close concern to all NAT powers. Agree with Brit EDF offers natural vehicle for reciprocal agreement among countries concerned and we are willing to support any Fr movement in Paris Conference aimed at defining obligations of EDF members to assist one another. Because we believe with Brit that obligations concerning Ger shld not exist as special obligations outside collective NATO arrangements, we do not believe EDF agreement will satisfactorily solve problem as it will leave US, UK on outside and will be agreeable neither to us nor to Gers. We wld therefore fully support Brit view that any EDF agreement wld have to be reviewed by other NATO powers and it wld be for NATO as a whole to decide what further action wld be desirable in order to bring obligations within collective NATO arrangements.

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[4] Copies of WFM T-4/1*b*, "Relationship of the Federal Republic of Germany to NATO," and two earlier drafts of the same paper, dated August 27 and 29, none printed, are in the CFM files, lot M-88, box 158, WFM tripartite talks 1951.

5. If you confirm that this approach coincides with views set forth your reftels you wld be free to act ultimately along lines stated last para your 238 from Bonn including use of formula quoted para 3 above.[5]

6. Believe, however, that immed move wld then be for you to discuss question privately with Chancellor, pointing out that Fr still appear to have strong reservations about direct Ger membership in NATO and that we desire to avoid consolidating these doubts by too direct pressure. Realize we have little time but Adenauer shld be persuaded to accept some delay in reaching agreement on security guarantee question while pushing ahead on other aspects contractual arrangements.

7. With reference last sentence para 4 above, we wld inform Brit orally that we actually consider that only permanent and logical solution lies in bringing Ger into full membership NATO on same basis other EDC members subj modifications which may generally be applied when relationship EDC members to NATO is finally worked out. (See London's Depto 473, rptd Frankfort 238, Paris 760, Oct 18.[6]) We wld explain our intention pursue this policy but our desire avoid frontal approach to Fr until groundwork indirectly laid.

8. Dept considering best time and method of approach Fr.

ACHESON

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[5] On October 22 McCloy reported that he would discuss the modified formula with Adenauer and give copies of it to the British and French. He also expressed his agreement with the suggested reply to the British *aide-mémoire*. Telegram 3335 from Frankfurt (740.5/10-2251). On October 29 *aides-mémoire* along these lines were handed to Porter and de Juniac by Laukhuff. Copies of the *aide-mémoire* and a memorandum of Laukhuff's conversation with Porter are in files 762.5/10-851 and 762A.5/10-851.

[6] Not printed.

662A.00/10-1951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BONN, October 19, 1951—3 p. m.

249. 1. At mtg of Allied-Ger steering comite on 18 Oct[2] Hallstein reverted to clauses of Article II of Chancellor's draft security treaty and indicated importance of stating that future relations between FedRep and Allies wld be governed by agrmt.[3] He suggested new Article III shld contain statement of powers reserved by Allies and

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[1] Repeated to London, Paris, Frankfurt, and Berlin.

[2] Held at the Palais Schaumburg at 3 : 30 p. m.

[3] The High Commission minutes of this second meeting, SPCOM/FED/M(51)12, not printed, which include as an annex the new High Commission draft for Article II, are in the CFM files, lot M-88, box 186, record of mtgs with Federal Delegation.

affirmation that agrmnts concluded wld be binding on both parties, so as to emphasize that agrmnts wld not be set aside through unilateral exercise of Allied reserved powers. He agreed wording of clause on Berlin shld make clear rights are retained "in respect of Berlin" but suggested, (in view of sensitive public opinion in West Berlin), addition of clause that while Allies retained powers over Berlin they wld do everything possible to assimilate Berlin's political and econ status to that of FedRep.

2. On stationing of troops Hallstein reaffirmed necessity of establishing that troops no longer occupation but defense and suggested provisionally that para 1(*a*) of Allied draft Art II, (see para 1 ourtel sent Dept 231, rptd info London 80, Paris 87, Frankfort, Berlin Unnumbered[4]) be amended by addition of phrase "for the defense of the free world, of which Germany is a part." He stated FedRep willing to accept concept that troops stationed in Germany by virtue of existing rights but for purpose of defense.

3. On rights regarding reunification and peace settlement Hallstein emphasized necessity for more specific formulation. He said considerable stir in Ger political circles had been caused by activities in foreign press suggesting that logical conclusion to settlement with Sovs on Ger unification wld be united Germany under quadripartite control, security board, restrictions on industry, et cetera, and consequent loss to Western Germany of liberties gained in last few years plus those about to be realized as result of Washington decisions. Some Ger political circles envisaged possibility of Allies coming to such an agrmt with Sovs, and wording on Allied rights regarding Germany as a whole shld therefore be so drafted as to ensure protection of FedRep liberties. Similarly clause on Allied rights re peace treaty shld not mean that Allies had right to conclude peace treaty on behalf of FedRep. Clause in Allied draft providing for "consultation" of FedRep regarding exercise of rights with respect to Germany as a whole was not sufficient protection. Allied pre-occupation with possibility of FedRep alignment with East (which Hallstein suggested was motivation for retention of rights regarding Germany as a whole) was unwarranted in view of "irrevocable" integration of FedRep in Western European defense community which wld result from conclusion of present negots.

4. Allied delegation made fol points in reply:

(*a*) Allies willing to make explicit statement that agrmt binding on both sides;

(*b*) Allies wld study proposed wording on stationing of troops, but emphasized importance of clear statement as to basis for Allied rights in this respect;

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[4] Dated October 13, p. 1551.

(*c*) Allies prepared to; consider more specific formulation of wording on rights regarding unification and the peace settlement in attempt to satisfy preoccupations expressed by Hallstein. However, protection of FedRep liberties lay in community of interest between FedRep and Western powers resulting from general political situation; Allies had commitments to FedRep and did not intend to destroy political liberties they had striven to develop. Allied reservation on right regarding peace settlement were for fol reasons:

(i) Allies had responsibilities to co-belligerants in war against Germany, and needed to ensure no action taken by FedRep regarding frontiers or other matters which might prejudice rights of co-belligerents at peace negots;

(ii) Peace treaty must involve all of Germany and therefore necessary to negotiation between Western powers and Sovs.

5. Hallstein stated FedRep cld not accept "blanket" commitments involved in Allied responsibilities to co-belligerents but wld need to know details of agrmt concerned. Allied chairman replied that these wld be made clear in course of negots on programmes.

6. Allied *rapporteur* on programmes convention gave brief report of subjects involved and Hallstein expressed readiness to nominate necessary Ger *rapporteurs*.

7. Steering comite agreed stage now reached where it cld proceed with negotiation of majority of provisions of agreement on general relations.

8. Next mtg of steering comite 24 Oct [5] and mtg of HICOMers and Chancellor postponed to 25 Oct.[6]

McCloy

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[5] For a report on the steering committee meeting on October 24, see telegram 269, October 24, p. 1561.

[6] For a report on the High Commissioners meeting with Adenauer on October 25, see telegram 273, October 26, p. 1564.

762A.0221/10–1951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

TOP SECRET PRIORITY Bonn, October 19, 1951—3 p. m.

250. Ref Bonn's 249 to Dept.[2] Hallstein proposal concerning stationing of troops and protection of their security presented at steering comite yesterday wld recognize existing rights of Allies to station troops here and to take necessary measures to protect their security provided we agree that future mission of troops wld be "for defense" rather than occupation. Since Hallstein's proposal wld not, in our opinion, alter our legal rights in this respect, it wld seem to offer real possibility for reaching agrmnt on this difficult point. Both

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[1] Repeated to London, Paris, and Frankfurt.

[2] *Supra.*

UK and Fr HICOMs agree with us that we shld take full advantage of new offer and press for agrmnt upon formula of this character.

We are not yet clear as to reasons apparent shift away from position previously taken by Chancellor. It may be that he has been influenced by general feeling which we have sensed, that large section of Ger people including some party leaders wld be opposed to any agrmnt which might weaken position of Allied forces here and their possibilities for defense. The recent debate in Bundestag and position taken by SPD leaders may have given Chancellor, who is sincerely desirous of arriving at an agrmnt, excuse to modifying his original position.

While it is too early to state that formula along foregoing will solve this problem, I am strongly of opinion that we shld endeavor rapidly to conclude an agrmnt on this basis. It may be that what Chancellor and Hallstein have in mind in stressing defense mission of forces is to preclude their taking action against Gers and to limit our right to proclaim state of emergency to external attacks. This question will have to be further explored with Chancellor but his recognition of our right to protect security of our forces wld seem to provide necessary justification for proclaiming state of emergency in event of serious disruption of public or constitutional order.

If agrmnt on stationing of troops can be reached with Chancellor, this wld dispose of one of principal outstanding difficulties in respect of general agrmnt. There, however, remain the questions of security guarantee and security safeguards.[3] With respect to former, I shld like to be in position to make specific proposals at mtg with Chancellor next week but am still awaiting confirmation of formula contained in Bendetsen's memorandum.[4] Please instruct.

As you will recall Chancellor has proposed that question of security safeguards be dealt with within framework of EDC and that only those limitations be placed upon Germany which wld be common to all parties to agrmnt. Have you given any consideration to possibility of including in EDF agrmnt provisions that member states wld manufacture only those arms and equipment approved by high authority of EDC or as required in NATO defense?[5]

The machinery to deal with supplementary conventions has now been set up and we are pressing forward in negots on all of these.

McCloy

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[3] For documentation on the work of the Tripartite Group on Germany concerning security controls for Germany, see pp. 1701 ff.

[4] Not printed, but see footnote 2, p. 1549.

[5] On October 25 McCloy was informed that the Department of State had considered the possibility of including security safeguards in the provisions of the EDF but had rejected the idea, while recognizing that the problem of controls needed to be examined in light of the developing EDC. Telegram 2600 to Frankfurt, October 17 (762A.0221/10–1751).

Editorial Note

On October 24 President Truman proclaimed that the state of war between the United States and the Government of Germany had been terminated on October 19. For the text of the proclamation, see *American Foreign Policy, 1950–1955: Basic Documents*, volume II, pages 1723–1724, or 66 Stat. c3.

662A.00/10–2451 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BONN, October 24, 1951—8 p. m.

269. 1. At mtg of allied-Ger Steering Comite on 24 Oct,[2] Hallstein laid great emphasis on importance of Berlin questions in framework of contractual agrmts, which he said had recently been discussed by fon affairs comite of Bundestag with Berlin officials. In further development of proposal made at last mtg (see ourtel sent Dept 249, rptd info London 91, Paris 99, pouched Frankfort, Berlin unn 19 Oct[3]) Hallstein proposed establishment of special working group on Berlin, and suggested art in agrmt on gen relations which (*a*) affirmed that agrmt did not affect allied rights with respect to Berlin held by virtue of internatl agrmts, (*b*) stated that three powers wld do all possible to assimilate status of Berlin to that enjoyed by FedRep, wld lift or restrict existing controls, and wld consult Fed Govt in exercise of allied rights, and (*c*) stated that details wld be set forth in a joint protocol attached to the agrmt. This protocol wld be a declaration of policy regarding Berlin and wld specify the allied controls to be relinquished or reduced together with gen provisions for future conduct of Berlin's affairs.

2. Hallstein argued that basic fact of inclusion of provision on Berlin in agrmt with FedRep, plus Berlin's evinced desire to be represented by FedRep, and community of interest evidenced by such matters as adoption of fed legislation by Berlin made it indispensable for FedRep to negotiate for Berlin along lines of his proposed article. He developed thesis in this connection, which he subsequently also applied to clause relative to stationing of troops (see para five below), that while allied rights, and original basis therefor, were to be maintained, the manner in which those rights were to be exercised shld be

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[1] Repeated to London, Paris, Frankfurt, and Berlin.

[2] The High Commission Minutes of this meeting, SPCOM/FED/M(51)13, not printed, which include the text of Hallstein's proposal on Berlin as an annex, are in the CFM files, lot M–88, box 186, record of mtgs with Federal Delegation.

[3] *Ante*, p. 1557.

specified in the agrmts and the allies wld then be bound only to exercise them in the manner so specified. This he considered was the very essence of the contractual concept.

3. Allied delegation stated only matters proper for negotiation with FedRep were provisions relating to reservation of allied rights in respect of Berlin article VI of gen agrmt, and detailed provisions regarding continuance of FedRep material and financial support for Berlin to be included in programs convention. *Rapporteur* group for gen agrmt cld consider these aspects. Allies were actively considering liberalization of controls over Berlin which wld become effective simultaneously with contractual agrmts, and wld counter any political reaction resulting from disparity between autonomy granted to FedRep and continued allied control over Berlin indicated by terms of gen agrmt.

4. Hallstein welcomed statement regarding liberalization of controls but insisted further discussion still necessary. In conclusion he asked whether all ref to Berlin cld be omitted from the gen agrmt, to which allied delegation replied in negative.

5. Hallstein proposed revised article on stationing of troops which provided that allied rights to station troops in Germany as set forth in internatl agrmts were not affected, that FedRep wld be consulted in exercise of these rights and that maintenance and protection of troops wld be subject of a special agrmt. He asserted Art VII in allied draft of gen agrmt provided for consultation of FedRep on exercise of rights to protect security of troops, and he merely proposed to remove this from gen agrmt and include in convention on status and protection of forces. As in discussion on Berlin (see para two above), while accepting existence of allied right to station troops he maintained necessity for specifying in contract manner in which rights wld be exercised and asserted that manner of exercise so specified wld subsequently be irrevocable by allies.

6. Allied delegation pointed out new proposal differed from that made at last mtg (see para two ourtel sent Dept 249 rptd info London 91, Paris 99 dated 19 Oct) in omitting ref to allied rights to protect security of troops and in providing for consultation with FedRep.

7. Hallstein stated that, on conclusion of EDF agrmt, Fr troops in Ger wld have different status to that of Brit and US, and wld be governed by appropriate EDF provisions regarding protection of security rather than those in HICOM agrmts. For this reason, plus necessity of ensuring that provisions governing exercise of right to station troops wld not be in contradiction with any corresponding NATO or EDF agrmts, he had proposed separate agrmt.

8. Allied delegation emphasized rights to station troops and protect their security cld not be derived from contract nor cld they be restricted by it. However, they were prepared to describe as clearly as

possible the manner in which they wld exercise those rights. On status of Fr troops after conclusion of EDF agrmt, Fr rep stated that original right of Fr to station troops in Germany remained unchanged altho in practice right wld not be exercised, except possibly in Berlin, since under EDF convention Fr troops in Germany wld be assimilated with other EDF forces and their status regulated by EDF authority.

9. Allied-Ger *rapporteur* group beginning discussions of gen agrmt later today, including problems raised above.

McCLOY

762A.0221/10-1951: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn[1]

TOP SECRET WASHINGTON, October 24, 1951—6:59 p.m.

155.(1) Agree Bonn's 250 Oct 19, rptd London eyes only Gifford 92, Paris eyes only Bruce 100, Frankfort 364[2] that Hallstein proposal offers promising solution difficulty re basis for stationing troops in Ger. Our understanding is that phrase "the stationing of armed forces in Ger and the protection of the security of those forces" in Bonn's 231 Oct 13 rptd London 80, Paris 87[3] wld be amended by addition phrase "for the defense of the free world, of which Germany is a part" as suggested Bonn's 249 Oct 19, rptd London 91, Paris 99[4] or by addition equivalent language as suggested Bonn's 250.

(2) Our agrmt rests on two conditions. One is that ref in Bonn's 231 to "rights now held by the three powers, as set forth in international agreements" includes pertinent rights found in Declaration of June 5, 1945. Appreciate reasons for avoiding direct mention of Declaration, but do not wish any misunderstanding to arise between Allies and Gers over fact that it is one of "agrmts" in which Allied rights are expressed.

(3) Second condition concerns point raised Bonn's 250. Assume HICOM will make clear to Gers that fact mission of troops is solely for purpose of defense does not constitute any limitation whatever either on general right of Allies to protect security of troops or on specific right, in exceptional circumstances agreed by FonMins, to declare emergency for their protection.

(4) According Bonn's 249 paras 1 and 4 Allies will state explicitly that contractual agrmts will be binding on both sides, in order emphasize "that agreements would not be set aside through unilateral exer-

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[1] This telegram was drafted by Auchincloss, cleared with Raymond, Lewis, Jacobs, and Byroade, and repeated to Frankfurt, London, and Paris.

[2] *Ante*, p. 1559.

[3] *Ante*, p. 1551.

[4] *Ante*, p. 1557.

cise of Allied reserved powers". Dept concurs that agrmts will be equally binding on all parties and that Gers shld be fully assured of this. It is not clear to us, however, just what misgivings they expressed at mtg described Bonn's 249. If they wanted confirmation that all parties to agrmts are on same footing and that in ordinary course of events Allies have no right to set agrmts aside because of supreme auth, then we agree with their interpretation and feel nothing need be added to statements already made. If, on other hand, Gers were asserting that agrmts shld be binding in sense that, for example, Allies could not even suspend their operation during a declared emergency, then their interpretation is contrary to ours, and you shld impress on them that exercise of supreme auth, whether concerning troops, Berlin, or Ger as whole, will not be restricted by provisions of agrmts, but will be superior to them. We had supposed this was obvious and did not require amplification. We hope it will not be necessary to advance such an explanation, since any detailed discussion of supreme auth is likely to make Gers suspicious and lead them to believe it will be exercised more often and more readily than we intend. However, it is essential point be made clear and you shld therefore raise it again, if necessary.

(5) Point Bonn's 250 re arms and equipment for EDF will be considered separate message.[5]

ACHESON

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[5] Telegram 2600 to Frankfurt, not printed, but see footnote 5, p. 1560.

762A.0221/10-2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BONN, October 26, 1951—2 p. m.

273. Eyes only for Secretary, Byroade. Yesterday afternoon's mtg with Chancellor turned primarily on question of state of emergency. Chancellor recognized necessity of protecting security of troops thru declaration of state of emergency in event not only of external attack but serious internal disorders or grave constitutional upheaval. He considered agreement cld be reached that measures to be taken in event of emergency shld be limited to those required to protect security of troops and that emergency wld only arise if Ger auths cld not handle situation. If this were case, he considered only remaining difference of opinion between Gers and Allies was with respect to agency which wld take decision to declare emergency. He argued that Council of Ambs wld be polit in character and since these provisions dealt only with security of troops, SHAPE shld assume responsibility.

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[1] Repeated to London, Paris, and Frankfurt.

Allied reps pointed out govts must take responsibility and civilian reps wld be in better position to consult with Fed Govt than mil commander outside territory of FedRep. It was our belief that Council of Ambs provided more acceptable guarantee to Gers than decision of mil commander.

After considerable discussion of this point, Chancellor consented to proposal of chairman to leave to three govts determination how reserved right wld be implemented.

Chancellor recognized three powers must act jointly vis-à-vis FedRep in certain cases and also in respect to Berlin but argued this was so obvious that it need not be included in treaty, particularly since mention of tripartite body in treaty wld imply successor to HICOM and thus be politically difficult for Gers to accept. Kirkpatrick suggested that if mention of Council of Ambs were suppressed then para two of Article III of Ministers' draft shld also be omitted; otherwise, it might imply Ambs wld not act jointly on any matters. We agreed to propose this solution to our govts and to redraft provisions of gen agrmt in this sense for consideration at next mtg. Francois Poncet, while prepared to consider redraft expressed view it might create difficulties in view of Mins' decision that treaty shld provide for continuance of definite tripartite org.[2]

It was agreed *rapporteurs* wld prepare draft of gen convention in light of recent discussions as basis for discussion at next mtg Wednesday, Oct 31. Chancellor is urging completion of gen agrmt in order to meet difficulties of local polit situation and also because he seems to fear resumption of Fr Assembly Nov 7 may bring govt crisis and thus block progress for indefinite future.

He gave me impression that he still considers conclusion of gen agrmt alone is important and that supporting conventions are secondary. My colleagues and I, however, pointed out impossibility of signing any gen agrmt until supporting conventions were agreed and EDF structure complete. At same time, we insisted that it is important to go forward in the three fields as rapidly as possible.

We were privately informed at close of session that Gers are now prepared to accept reservation of Allied right to protect security of troops.

Revised clauses of gen convention as they are prepared in light of these discussions will be sent you as rapidly as possible and will need prompt consideration on your part. I hope you will find it possible to comment principally on substance as wording may have to be modified from time to time as we receive comments from three capitals.

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[2] In a subsequent telegram McCloy reported that the French might be prepared to omit any mention of the Council of Ambassadors in the general agreement if the three Western Governments agreed that matters of common concern affecting Germany should be handled jointly by the Ambassadors, based on some prior understanding among the Governments and on the establishment of some informal tripartite machinery. McCloy recommended acceptance of this compromise, and the Department of State concurred in his recommendation on October 27. Telegrams 280 from Bonn and 165 to Bonn, October 26 and 27, neither printed (762A.0221/10–2651).

McCLOY

662A.00/11-351 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State [1]

SECRET PRIORITY BONN, November 3, 1951—6 p. m.

310. At yesterday's mtg of HICOMs and Chancellor working draft of gen agrmnt as revised by *rapporteurs* was examined article by article. Document showing present state of negots will follow in separate cable today.[2] Next mtg scheduled for Tuesday to clarify outstanding issues.

Principle issues discussed yesterday related to (1) perennial subject of Allied rights, (2) competency of arbitral tribunal to review Allied declaration of emergency, and (3) Ger desire to add to formula contained in Bonn's 305 [3] Allied undertaking that a united Germany wld be entitled to no fewer benefits than those granted FedRep by present agrmnt. Provisional agrmnt was reached on most other issues, including formula providing that three powers wld act jointly in matters of common concern under agrmnts. Chancellor also suggested that three powers shld undertake, as regards dealings with states of Eastern bloc, to consult FedRep insofar as its interests are directly involved.

I took occasion in connection with provision characterizing future mission of Allied forces as defense forces to point out necessity in including somewhere in agrmnt recognition of right of mil commanders to take necessary measures to prepare such defense.

Chancellor argues with respect to (1) above that mention of right to station troops by virtue of internatl agrmnts fully protected Allied rights vis-à-vis Soviets but indicated belief these rights no longer effective as regards FedRep. He asserted, however, undertaking of

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[1] Repeated to Frankfurt and to Paris for Secretary Acheson and Byroade who were attending the sixth regular session of the United Nations General Assembly.

[2] Telegram 316, *infra*.

[3] Not printed; the formula under reference here read:

"Three powers and Federal Govt will cooperate to achieve, by peaceful means, their common aim of unified Germany enjoying liberal-democratic constitution, like that of Federal Republic, and integrated with western European community. They recognize new relationship established by these conventions and treaty for European defense community as essential steps to achievement of this aim.

Three powers and Federal Republic are agreed that a peace settlement freely negotiated for whole of Germany between Germany and her former enemies is an essential aim of their common policy." (662A.00/11-151)

The Department of State commented that it had no substantive objections to the ideas in the draft but thought such language belonged in a declaration or statement rather than in an informal agreement. (Telegram 2767 to Frankfurt, November 1, 662A.00/11-151)

FedRep to facilitate defense mission of troops and to participate in Western def shld give Allies adequate assurances that no future govt wld have right to demand recall of Allied forces. In view of this apparent basic difference as to nature of rights vis-à-vis FedRep we introduced a provision calling for recognition by FedRep of existing Allied rights in the three reserved fields and made it clear that all we were seeking was assurance that these rights wld be respected by any future Ger Govt. Chancellor agreed to reconsider this point and to endeavor to provide acceptable formula for next mtg.

Re emergency powers (2) here we agreed to his proposal to substitute words "liberal-demo basic order" for "constitutional order" as latter phrase might have wider connotation in Ger practice than we intended. On broader question whether three powers shld be able on their own findings to determine necessity for state of emergency and time of its termination, Chancellor argued strongly that no Bundestag wld accept such proposal without safeguard against abuse. He proposed declaration of emergency shld be subj to later review by tribunal to establish whether declaration was justified. Such a proposal was, he considered, in line with constitutional practices and any other solution wld leave way open to arbitrary decisions by three powers. We pointed out difficulty of his proposal and objections of having security of our troops dependent upon judgment of an outside body. After full discussion of this point, which seemed capable of deadlocking discussions, Chancellor agreed to confine his request to designation of some forum to which, while emergency measures were in effect, FedRep cld have recourse to determine whether state of emergency shld properly be continued. Kirkpatrick suggested that such reference might be made to NATO Council of Mins rather than to arbitral tribunal as former wld be competent in defense and security matters. Chancellor seems particularly concerned that western powers not assume arbitrary powers as regards internal disorders and disruption of demo basic order. If it is clear that NATO Council is entitled only after the event to review measures and make recommendations it shld not be too serious from our point of view and some such formula wld probably go a long way toward securing Bundestag acceptance of our rights to protect security of our forces. Unless you have objections we will endeavor to obtain acceptance formula along these lines.

Re third issue Ger formulation was one-sided and implied obligation on part of Allies without corresponding agrmnt on part of Gers to give us guarantee that conditions which induced us to grant the freedoms to FedRep shld be maintained. Chancellor emphasized his desire was to protect Germany against revival of four-power control on Austrian model. He agreed that after unification of Germany latter wld have to take on obligations of the Fed Govt both with respect to integration and defense. The formulation of these mutual undertakings was left for subsequent consideration.

Chancellor asked for insertion of clause permitting some revision at later date. We explained difficulties of setting any time limit since such wld imply postponing of peace settlement ratification. Chancellor proposed to submit new formula for next mtg.

McCloy

662A.00/11–351 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State

SECRET PRIORITY Bonn, November 3, 1951—9 p. m.

316. Verbatim text. Subject: Draft general agrmnt. In accordance with para 1 of Bonn sent Dept 310, rptd info Fkft 432, Paris eyes only for Secy and Byroade 126,[1] following is text of draft re general agrmnt which will be considered by HICOMers and Adenauer Tuesday 6 Nov.[2] Text being hand carried Paris on Monday, 5 Nov, for Secy and Byroade. Complete text also being airpouched Dept this date.

Begin text. "*Art I.*

1. The Federal Republic shall have full authority over its domestic and external affairs, subject to the provisions of this convention and the related conventions described in Article VII. (Agreed)

2. In view of the international situation, the three powers retain their existing rights, (as set forth in Ger natl agreements) relating to (*a*) the stationing of armed forces in Germany, and the protection of their security, (*b*) Berlin, and (*c*) Germany as a whole, including the unification of Germany and a peace settlement. The Federal Republic recognizes these rights as valid and will cooperate with the three powers to facilitate their exercise and to ensure their preservation. *Footnote:* This Allied draft is under consideration by the High Commissioners and the Federal Govt.

3. Upon the entry into force of these conventions, the three powers will revoke the Occupation Statute and abolish the Allied High Commission and the offices of the *Land* Commissioners. (Agreed)

4. Each of the three powers will thenceforth conduct its relations with the Federal Republic through Ambassadors who will act jointly in matters (the three powers consider) of common concern under this convention and the related conventions. (Agreed)

Art II

1. In the conduct of its relations with fon nations, the Federal Republic agrees to abide by the principles set forth in the Charter of the United Nations and by the aims defined in the Statute of the Council of Europe. Pending the peaceful unification of Germany, the Federal

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[1] *Supra.*

[2] The High Commissioners met with Adenauer not on November 6, but on November 8. For a report on their meeting, see telegram 351, November 9, p. 1576.

Republic will conduct its relations also with other parts of Germany in the spirit of these principles and aims. (Agreed)

2. The Federal Republic affirms its intention to associate itself fully with the community of free nations through membership in internatl organizations contributing to the common aims of the free world. The three powers will support applications for such membership by the Federal Republic at appropriate times. (Agreed)

3. The three powers will consult with the Federal Republic, insofar as German interests are directly concerned, in their relations with the states of the Eastern bloc. (Ger proposal).

4. At the request of the govt of the Federal Republic, the govts of the three powers will arrange to represent the interests of the Fed Republic in relations with other states and in certain internatl organizations or conferences, whenever the Fed Republic is not in a position to do so itself. (Agreed)

Art III

1. The three powers retain their existing rights to station armed forces in Germany. (Allied proposal)

1. [*sic*] The present convention and the related conventions shall not impair the existing rights of the three powers, as set forth in international agreements, to station armed forces in Germany. (German proposal) 1. The Federal Republic agrees with the three powers that the three powers have the right to station armed forces in Germany. Alternative German proposal. The mission of such armed forces will be the defense of the free world, of which the Federal Republic and Berlin form part. (Agreed)

2. The three powers will consult with the Federal Republic, (Ger: As promptly as possible and) insofar as the mil situation permits, regarding the stationing of such armed forces in the Federal Republic. The Federal Republic will cooperate fully in facilitating the tasks of such armed forces in accordance with this convention and the related conventions. (Agreed)

3. The Federal Republic will participate in the European defense community in order to contribute to the common defense of the free world.

Footnote: This Article shld also, in the Allied view, include a ref to whatever provisions are later agreed upon regarding restrictions on other military activity and production and research for mil purposes.

Art IV

1. The three powers retain their existing rights to protect the security of armed forces stationed in Germany under Art III of this convention. In the exercise of these rights, the three powers declare that they will adhere to the provisions of the Article. (Allied proposal)

1. [*sic*] This convention and the related conventions shall not impair the existing rights of the three powers, as set forth in internatl agreements, to protect the security of their armed forces according to the foll provisions. (Ger proposal)

2. The three powers may proclaim a state of emergency in the whole or any part of the Federal Republic if (Allied: They find that) the security of the forces is endangered by an attack on the territory of the Federal Republic or Berlin, or by "umstusrzlerische stoerung" (*Footnote:* This term was understood to include not only an overthrow

of the basic order by violence but also its subversion or undermining by non-violent means. It was agreed that a suitable English equivalent shld be found to reflect this sense of the term) of the liberal-democratic basic order, or by a serious disruption of public order (*offentliche sicherheit undordung*), or by a grave threat of any of these events (agreed) and that the Federal Republic by itself, or after calling upon the Eur defense community, is unable to deal with the situation. (Allied proposal) And neither the Federal Republic nor the Eur def community are able to deal with the situation. (Ger proposal) (*Footnote:* The question as to the inclusion of a provision for proclamation of a state of emergency upon request by the govt of the Federal Republic is still under consideration by the Fed Govt.)

3. Upon the proclamation of a state of emergency, the three powers may take such measures (including the use of armed force) as are necessary to maintain or restore order and to ensure the security of their forces. (Agreed)

4. The proclamation will specify the area to which it applies. The state of emergency shall not be maintained any longer than necessary to deal with the emergency. (*Footnote:* The Federal Govt will submit for discussion a proposal for appeal to some outside political institution or body, after the state of emergency has been effective for a specified period, to consider whether its further continuance is justified.) (Agreed)

5. The three powers will consult to the fullest extent possible with the govt of the Federal Republic before declaring a state of emergency and during the exercise of their emergency powers they will utilize to the greatest possible extent the assistance of the Federal Govt and the competent Ger authorities. (Agreed)

6. Independently of a state of emergency, any military commander may, if his forces are imminently menaced, take such immediate action appropriate for their protection (including the use of armed force) as is requisite to remove the danger. (Agreed)

7. In all other respects, the protection of the security of these forces is governed by the provisions of the related convention. (Agreed)

Art V

1. The present convention and the related conventions shall not affect the existing rights of the three powers relating to Berlin (as set forth in internatl agrmnts). (Agreed)

2. The three powers will consult with the Federal Republic in regard to the exercise of these rights. The Federal Republic will cooperate with the three powers in order to facilitate the discharge of their responsibilities with regard to Berlin (*Footnote:* The ref to "Laender" here and elsewhere will be deleted on condition that the Fed Govt submits an official legal opinion to the effect that where, in a treaty or agrmnt executed by it, the Fed Republic assumes an obligation to take specific action, the *Laender* are also obligated to take the same action, even though not specifically mentioned in the treaty or agrmnt.) (Agreed)

3. The Federal Republic will continue its aid to the political, cultural, economic, and the financial reconstruction of Berlin, and in particular will grant it such aid as set out in the annexed declaration of the Fed Republic (annex blank of the present convention). (*Note:* At or before the effective date of these conventions, the three powers

intend to relax the controls on Berlin as far as the situation there permits. If this has not already been accomplished, the three powers will, by letter to Berlin and the Federal Republic, state their intention to do so promptly.) (Agreed)

Art VI

1. This convention and the related conventions shall not affect the existing rights of the three powers (as set forth in internatl agrmnts) relating to Germany as a whole, including the unification of Germany and a peace settlement (*Friedensvertrag*). (Agreed)

The Federal Republic will cooperate with the three powers to ensure the protection of these rights. (Allied proposal)

2. The three powers and the Federal Govt will cooperate to achieve, by peaceful means, their common aim of a unified Germany enjoying a liberal-democratic constitution, like that of the Federal Republic, and integrated within the Western Eur community. They recognize the new relationship established by these conventions and the treaty for the Eur def community as essential steps to the achievement of this aim. (Agreed)

(They agree that a united Germany shall be entitled to the rights and benefits under treaties and conventions made by the Federal Republic and shall assume the obligations of the Federal Republic thereunder.) (*Note:* Submitted by Allies as a proposal for discussion.) The contracting powers are agreed that a united Germany shall be entitled to no fewer competencies than are granted to the Federal Republic by the present convention.) (Ger proposal)

Art VII

Substantially same as Fon Min's draft.[3]

Art VIII

Substantially same as Fon Min's draft except that Gers propose that arbitral tribunal shld have jurisdiction to review allied declarations of emergency.

Art IX

(As soon as the political situation shall have changed essentially in particular as a consequence of the progressive integration of the Fed Republic into the community of free nations, the contracting powers will review the terms of the present convention and related conventions, and will, by mutual agrmnt, adapt them to the changed situation.) (*Note:* The Federal Chancellor agreed with the High Commissioners that this Ger proposal, as now drafted, is too indefinite to provide a proper basis for discussion and therefore intends to propose a new draft for consideration at the next meeting.)

Art X

Substantially same as Fon Min's draft.

Note: The texts of the Art III para 1, Art IV para 1, Art V para 1, Art VI para 1, will be settled only after the decision has been taken on the Allied proposal for a new para 2 of Art I."

McCLOY

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[3] For the text of the Foreign Ministers' draft general statement see p. 1197.

662A.00/11-351 : Telegram

The Acting Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn[1]

SECRET PRIORITY WASHINGTON, November 5, 1951—10 : 03 p. m.

208. Fol are comments on draft Gen Agrmt Bonn's 316 Nov 3 :[2]

(1) Note draft contains no preamble, but assume preamble attached FonMins instructions will be retained.

(2) Re Art I(2) assume phrase "internatl agrmts" includes Declaration June 5, 1945. See Deptel 155 Oct 24 rptd Fkft 2598, London 2173, Paris 2410.[3] Feel Gers shld understand this clearly and therefore suggest interpretative minute to Gen Agrmt.

(3) Further re Art I(2) we believe provision that Allies retain existing rights and FedRep recognizes these rights might later give grounds for claim rights were placed on contractual basis. In this connection we are less concerned with geniune ambiguity, than with possible Ger attempt to limit effect of agrmt. Accordingly suggest language be used such as that already agreed for Art V(1), to effect that present convention and related conventions "shall not affect existing rights".

(4) Re Art II(3) consider undesirable refer publicly to "states of eastern bloc". Believe also phrase "Ger interests" is too broad. Since Gers probably intended this provision only for their protection in event of Allied exercise of supreme auth, Dept prefers language Art II(3) draft agrmt attached FonMins instructions.

(5) Re Art III(1), we have objection already expressed para (3) above in connection Art I(2). In addition, believe it legally unnecessary and politically disagreeable to repeat reservation of Allied rights in Arts III(1), IV(1), V(1), and VI(1). Omission these provisions wld shorten agrmt and make it less insistent on supreme auth. In our view Art III shld start with agreed sentence which states that mission of armed forces will be for defense.

(6) Alternative Ger proposal in Art III(1) is objectionable because it conveys possible atmosphere of contract since FedRep "agrees" that Three Powers have right to station forces in Ger.

(7) Art III(2) is satisfactory with or without phrase in parenthesis suggested by Gers.

(8) Consider Art III(3) not acceptable. Ger commitment to Three Powers to participate in common defense shld be broader than promise to participate in European Defense Community and shld refer to At-

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[1] This telegram was drafted by Auchincloss, and repeated to London, Paris, and Frankfurt.

[2] *Supra.*

[3] *Ante,* p. 1563.

lantic Defense system. In other words, primary commitment in broad but specific terms shld be to contribute to common defense. Additional commitment shld cover form of contribution through specific org (EDF). Suggest you adopt fol language in Art IV(*a*) Ger Contractual No. 4 Aug 18[4] or its equivalent: "The Federal Republic, in recognition of its community of interests with other free nations of the world, agrees to participate in the North Atlantic collective security system, through contribution to the European Defense Force. This participation will be on a basis acceptable to the European Defense Organization, the North Atlantic Treaty Council and the Federal Republic. This step will be taken immediately upon the coming into force of the present Agreement."

(9) Re Art IV(1) see para (5) above.

(10) You must have had reason for doing so but seems to us your draft has fundamentally altered character of Art IV. Orig draft spelled out manner in which Three Powers wld act under state of emergency. New draft broadens this to spell out manner in which we wld exercise our entire right to protect troops' security. It thus has become dangerously limitative and we believe this point need not be covered. Sub-paras (1) and (7) limit exercise of security power to provisions of conventions and thereby appear to place it on contractual basis. Wld think paras (1) and (7) shld be dropped and in that case para (6) shld also be dropped as unnecessary, since the Art wld then revert once more to description of exercise of power in status of emergency. Have not had time to clear this point with Defense.[5]

(11) Re Art IV(2) believe Allied proposal to specify Three Powers may proclaim state of emergency if "they find that" security is endangered is essential.

(12) Re Art IV(2) do not see why mention of EDF necessary if emergency arises because of internal disorder, although recognize possibility that under future EDC treaty EDF might be made responsible for maintaining internal order in member states. If emergency arises because of external threat or attack it appears to us NATO forces rather than FedRep or EDF wld have to deal with situation. Wld not suppose in these circumstances that finding of inability to meet attack or threat wld be necessary before declaring emergency. If ref to EDC eliminated, words "by itself" shld also be dropped from Allied proposal as unnecessary.

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[4] A copy of GER Contractual No. 4, "Agreement on General Relations With the Federal Republic," dated August 18, not printed, is in the CFM files, lot M-88, box 184, GER Contractual.

[5] In telegram 226 to Bonn, November 7, McCloy was advised that the Department of Defense had indicated its general agreement with the positions taken in this telegram (662A.00/11-751).

(13) Point raised footnote Art IV(4) covered separate tel this date.[6]

(14) Re Art V(1) see comment paras (3) and (5) above.

(15) V(2) acceptable, but re footnote do not believe legal opinion can be regarded as legally binding.

(16) Re Art VI(1) see comment para (5) above.

(17) Re Art VI(2) do not understand omission of reference to Schuman Plan, which is also essential step to integration FedRep into Western Community.

(18) Re Allied and Ger proposals for provision concerning future rights and obligations of united Ger in Art VI(2), Dept does not believe this point has any place in present agrmt. We are attempting to confer new status upon FedRep, rather than define future status of united Ger. Conditions of Ger unification are impossible to predict. Nothing in present agrmt can bind either future Ger govt or Sov Union and net effect of either version suggested is therefore to commit three govts to extend rights and benefits to unknown future govt without any corresponding assurance of obligations to be assumed by that Govt. If you consider provision like this absolutely necessary believe language similar to fol shld be used "They agree that a united Ger shall be entitled to the rights and benefits under treaties and conventions made by the FedRep provided it shall assume the obligations of the FedRep thereunder".

(19) Re Art VIII see Deptel 163 Oct 27 [7] and separate tel mentioned para (12) above.

(20) Re Art IX see tel mentioned para (12) above.

(21) Re Art X, preferable from technical point of view omit work "plenipotentiaries" and substitute "representatives duly authorized thereto".

Webb

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[6] Telegram 207 to Bonn (662A.00/11–351). It stated that the Department of State had "serious objections to any method of subjecting declaration of emergency to review *ex post facto*." Washington would be willing to allow some formulation providing for a report to the NATO Council so long as the language involved indicated that the report was for information only. The telegram also stated that the general agreement should not have any language which would emphasize its "temporary or transitional character," since the Department of State hoped that the general agreement would govern relations with the Federal Republic until a peace settlement.

[7] Not printed; in it McCloy was advised that the Department of State was reluctant to accept any proposal which would lead to frequent appeals to the Arbitration Tribunal. (398.10–GDC/10–2451)

662A.00/11-951 : Telegram

The Acting Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET PRIORITY WASHINGTON, November 9, 1951—7:26 p. m.

2930. Fr Emb has presented *aide-mémoire* dated Oct 31 [2] which makes fol three points.

(1) Agrmt with Gers shld contain provision that, while relations between three Powers and FedRep will be conducted by Ambs, latter will act jointly on matters of tripartite concern, in accordance with fixed procedure.

(2) Three Powers shld agree to establish tripartite org by means of protocol which wld list problems requiring joint decision and fix rules of procedure.

(3) Re proclamation state of emergency, agrmt shld provide this power resides in three Govts. Ambs in Ger wld be specified as Govt agents for this purpose, and decisions this field wld not be made by mil auths or SACEUR. However, mil auths wld be able take all necessary action in exceptional circumstances and for particular area.

Dept proposes reply along fol lines if receive no comments from you by Tues Nov 13.

Re (1) above Dept does not object to mention tripartite action in gen agrmt, except for phrase re fixed procedure which unnecessary. However, tripartite action is essentially matter to be settled by three Powers without FedRep, so no necessity include such provision in gen agrmt, and Dept wld drop point if it shld cause difficulty with Gers.

Re (2) Dept wld agree to informal understanding, perhaps in exchange of ltrs, to effect reps three Powers in Ger wld act together in matters of common concern. This understanding shld, however, be expressed in gen terms and shld not contain details re subjs of tripartite interest or rules of procedure. Especially it shld not transform Ambs into Council or other org. (For your info, and to assist further consideration this problem, we wld not do more than provide for joint action in certain broad fields and agree, if necessary, on voting procedure. Believe undesirable establish Allied secretariat or comites or particular channels communication with Ger Govt. We wld not even give name or title to Ambs acting in concert, for then they cld be addressed as a body and endowed with formal administrative attributes.)

Re (3) we wld point out to Fr that Art IV draft gen agrmt contained Bonn's 316, Nov 3, specifies state of emergency may be proclaimed by three Powers. Assume this meets Fr view. Wld agree Fr point that local mil auths may take action of nature described Art IV subpara 6 gen agrmt, but wld not attempt comment re relation of mil authorities to Ambs in reaching decision proclaim state of emergency.[3]

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[1] This telegram was drafted by Auchincloss; cleared with Raymond, Jacobs, and Lewis; and repeated to Bonn, Paris, and London.

[2] A copy of the French *aide-mémoire*, handed to Laukhuff by de Juniac on November 1, is in file 662A.00/10-3151.

WEBB

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[3] On November 15 an *aide-mémoire* embodying these points was delivered to de Juniac. A copy is in file 662A.00/10–3151.

662A.00/11–951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State[1]

SECRET PRIORITY BONN, November 9, 1951—9 p. m.

351. Subject: *High Commissioners Discussion with Adenauer 8 November on Draft General Agreement.* Reference: Bonn sent Dept 310 and 316 of 3 November.[2]

1. Little progress was made at five hour session. Major portion of meeting devoted to discussion of:

(i) Article I—allied rights remaining after conclusion of contractual agreements, particularly with respect to stationing of troops in Germany;

(ii) German formulation of Article III, paragraph 1, question of allied right to station troops other than those of three occupation powers in Germany;

(iii) Federal Republic desire to include in Article II allied commitment to consult "Federal Republic in their relations with East bloc states."

In addition, agreement was reached on Article I, paragraph 4. Adenauer agreed to allied wording which provides that relations with Federal Republic would be conducted "through ambassadors who will act jointly in matters three powers consider of common concern."

In view importance of differences and in order to give allies opportunity to consult their govts, particularly with respect to right of stationing of troops, it was agreed that High Commissioners shld postpone further discussion with Chancellor until Wednesday, 14 November. In meantime, allied and Federal Republic representatives were instructed to re-edit draft general agreement (reference telegram) on basis of subject meeting and exchange of drafts and to submit it to 14 November meeting. Will cable re-edited version including latest proposals soonest.[3]

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[1] Repeated to Frankfurt and London and to Paris eyes only for Byroade and Secretary Acheson.

[2] *Ante*, pp. 1566 and 1568.

[3] A copy of the revised text of the draft agreement, dated November 9, is in file 662A.00/11–951.

2. Discussion again turned on difficulties raised by Chancellor concerning statement of existing allied rights, particularly with respect to stationing of armed forces in Germany. I offered for discussion following new allied version paragraph 2 of Article I:

"In view of international situation, three powers retain rights, heretofore exercised or held by them, relating to (*a*) stationing of armed forces in Germany and protection of their security, (*b*) Berlin, and (*c*) Germany as a whole, including reunification of Germany and peace settlement. Federal Republic will cooperate with three powers to facilitate exercise of these rights and to ensure their continued effectiveness." I stated this proposal was submitted because of allied desire to obtain clear and affirmative statement of Federal Republic's willingness to cooperate in facilitating allied exercise of these rights and guaranteed these rights would not be attacked or challenged by Federal Republic while general agreement remained in force. I explained my govt took extremely firm position on this issue and in my talk with Secretary he indicated while he had always been prepared to adopt liberal attitudes on other matters, he would insist on clear definition of residual allied rights in order that world understood that allies intended to keep these minimum rights without equivocation.[4]

Therefore, it was of supreme importance that rights to be retained should be expressed in as clear and unambiguous language as possible.

Adenauer replied that phrase "to ensure their continued effectiveness" was unacceptable to him as it was type of clause which opposition could use "to poison public opinion against general agreement in Germany," because it implied recognition by Federal Republic of allied right to station troops in Germany on basis of capitulation. In course of discussion, Adenauer indicated he had discussed this article with leaders of three coalition parties who indicated question whether agreement would receive a majority in Bundestag depended on wording of this provision. Adenauer stressed repeatedly that while Federal Republic was willing to cooperate with three powers "to facilitate exercise of these rights" wording should in no way imply Federal Republic had recognized these rights as in its view allied right to station troops on basis of unconditional surrender had become extinct and in any event allies never had right to station troops in Germany for "all time" and for purposes which went beyond tasks of occupation. Allies had recognized this fact when they announced their troops were here for defense and not as occupation forces.

I stressed again allies were not asking Federal Republic to recognize rights but merely to ensure that while they were acting under general agreement these rights would not be attacked or challenged.

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[4] On November 5 McCloy had flown to Paris for discussions with Secretary Acheson. No record of their talks has been found in Department of State files.

We asked Adenauer if he would agree to do some wording along following lines: "Federal Republic will refrain from any action prejudicial to these rights and will cooperate with three powers to facilitate their exercise." Adenauer replied that whereas he could agree not to take action prejudicial to the exercise of the allied rights he would not accept wording which in any way implied recognition of rights. Adenauer stated that if words "exercise of rights" were used throughout, this would preclude any future Federal Govt from questioning or challenging these rights while general agreement remained in force. I pointed out Adenauer's successors might challenge "allied rights" without necessarily interfering with "exercise of allied right." Therefore, his wording did not appear to be acceptable; however, it was agreed this matter, including his assurance, would be referred to govts for consideration.

With regard to I(ii) above, Chancellor challenged the interpretation that allied right to station armed forces in Federal Republic by virtue of retained rights included right to station under their command allied contingents such as those of Danes and Norwegians. We explained to Adenauer that these allied troops were here on basis of an existing right. Kirkpatrick stated that Adenauer's challenge of this right was in direct contradiction to the assurance he had just made to cooperate [and] facilitate the exercise of "existing allied rights." In reply to Adenauer's question concerning the origin of this right, Kirkpatrick stated allies had agreed with Soviets that troops which were allied with Big Four during war could be employed under command four-powers for occupation duties. Adenauer replied he would not recognize any "allied right which was based on an agreement with the Soviets" and that he could not tolerate a situation whereby West powers could station at will troops of some thirty odd countries which were at war with Germany. Furthermore, he wanted to examine all of the rights which we maintained we held before he would be in position to sign agreement. He stressed it was his understanding that Article I referred only to troops of three powers. He did add, however, if SHAPE desired troops of other NATO forces in Germany this could be arranged after consultation with Federal Republic and he would be prepared to add a provision to general agreement to that effect. We pointed out to Adenauer that practical problem of basis on which Danes and Norwegians were to remain in Germany after agreement was signed must be explored as well as rights of three powers to bring in under their umbrella contingents of non-NATO forces such as those of South Africa or Australia.

With respect to I(iii) above, Adenauer presented compromise proposal which stated that "three powers will consult with Federal Govt insofar as their policies with respect to states with which Federal Govt maintains no relations, directly affect German political interests."

We pointed out that although this new redraft was less objectionable than original German proposal, it was, nevertheless, unsatisfactory. Further, in our opinion, it gave no further assurances to Federal Republic than did our proposal in which we agreed to consult Federal Republic in all matters affecting exercise of allied rights relating to "*Germany as a whole.*" Chancellor was most anxious, for political purposes to be able to point to some assurance in the agreement which would indicate that in our dealings with states of the eastern bloc we would consult with the Federal Govt in order not to prejudice German interests. After considerable discussion of the point, we presented following provisional compromise which we explained would have to be cleared with our govt.

"When negotiating with states with which Federal Republic maintains no relations, the three powers will consult with Federal Republic re matters directly involving its political interest."

McCLOY

740.5/11–1551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State [1]

SECRET BONN, November 15, 1951—4 p. m.

392. Subject: High Commissioners discussion with Adenauer 14 November on forthcoming FonMins meeting and draft gen agrmt.

I. *Preparation for 22 November FM Paris meeting with Adenauer.*

I requested indication issues Adenauer wld like to raise Paris 22 November. He cited: (*a*) Unresolved issues on draft gen agrmt; (*b*) Pleven plan; and (*c*) appraisal of Soviet tactics with respect to Ger. In addition, I indicated that FonMins wld welcome his suggestions and comments on draft security guarantee which had been previously transmitted to him and his report on status FedRep voting law (*wahlgeseta*). FonMins might be prepared preview for him (*a*) Allied policy re important world problems; (*b*) western Allied time schedule; and (*c*) FedRep contribution to western defense (we agreed it wld be better not to raise question of war criminals until we had had opportunity to have further discussions with him at High Commissioners level).

II. *Draft gen agrmt.*

A. Five hour mtg resulted in agrmt (subject to gen reservation that each element could re-raise for consideration any provision of gen agrmt and subject to specified reservations described in para B below) to draft agrmt on gen relations which cld be examined in Paris on 22 November.

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[1] Repeated to London for Gifford and to Paris for Byroade, Bruce, and Secretary Acheson.

[Here follows a list of drafting changes that were made in the November 9 draft general agreement.]

Text of revised gen agrmt matter harmonization with Ger vision will be airpouched soonest. Allied–FedRep experts instructed to draft preamble. In addition, at my request, Chancellor confirmed agrmt to insert at some appropriate place provision which wld ensure right of allied mil authorities to take certain reasonable defensive measures, e.g., installation explosion chambers in bridges, preparation for obstacles in narrow passes, etc.

Finally, I again impressed on Adenauer necessity to proceed expeditiously with related conventions. He indicated agrmt on FedRep defense contribution shld be reached by mid-December and therefore related conventions wld have to be ready by that date so that entire arrangement could enter into effect.

B. Items on which agrmt was not reached.

There are two major points which will most probably have to be discussed in 22 Nov Paris mtg.

First concerns para 6 of new article V, i.e., FedRep desire for review by some outside agency of Allied declaration of emergency which might be issued after establishment of contractual relationship. Adenauer urged us to inform our govt that although he wld not insist on establishment of an arbitration tribunal for such review, he felt review by some outside agency was imperative. Otherwise, Allied action wld appear to have aspect of order issued by Mil Govt.

Second point and major portion of today's discussion concerned definition of "unified Ger" which arose in connection with term as used in new Article VII. Adenauer opened discussion by stating he wanted to ensure that both sides understood implications of phrase "their common aim of a unified Ger". I interjected that we had discussed this matter previous day with Hallstein and on basis of that discussion, Allies wished to propose adoption of agreed minute to make clear that undertaking in Article VII with respect to unified Ger did not involve any commitment regarding disposition of territory beyond the Oder-Neisse line, or other territories outside the jurisdiction of FedRep or Sov Zone.

In presenting case that Allies shld agree "their common aim of a unified Ger" be interpreted as meaning Allied support for restoration of territories east of Oder/Neisse line, Chancellor made following points, *inter alia:*

(*a*) Article II of present draft gives Allies all protection they need with respect to maintenance of Potsdam decisions and their position vis-à-vis the Sovs. Western govts have always maintained that they do not recognize east bloc action concerning Oder-Neisse line, and therefore, any distinction implied in gen agrmt between territory west and east of Oder-Neisse line wld be interpreted as recognition of GDR-Polish border.

(*b*) In Allied declarations since June 1945, ref has been made to "Germany" as of 1937. Therefore, Allied policy shld be that Ger shld regain territory east of Oder-Neisse line.

(*c*) Neither Ger public nor Bundestag wld accept any agrmt in which a distinction had been made between territories east and west of Oder-Neisse line. Further, millions of refugees and expellees wld bring pressure to bear on all political parties to reject such an agrmt. If contractual relationships were not carried out, a union of Socialists and neo-Nazi groups might result. This wld mean rejection in Ger of concept of Eur integration, rejection of Schuman and Pleven plans and emergence of a "neutralized Germany". He labeled any Allied policy designed to save this area for future negotiation with Sovs as "opportunistic".

(*d*) In view of what "Ger people have gone through and fact they were now being led astray as a result of promise of German unity," Ger public wld not agree to provide number of FedRep soldiers now being discussed in Paris if they were told it was not policy of western Allies to restore to Ger territory east of Oder-Neisse and that Allies which to retain a free hand in this matter.

We made following reply to points raised by Adenauer:

(1) Question of final Ger frontier including territories beyond Oder-Neisse line must be reserved for ultimate peace treaty. Perhaps at some future time, Allies wld support Ger claims to such territories but western Allies must retain open position vis-à-vis the Sovs on this point until time of peace settlement. Western Allies must take into account political situation at any given time with respect to this policy particularly concerning Czechs and Poles.

(2) For six years Allies had maintained consistent position re this point, namely frontier questions and territories east of Oder-Neisse can only be settled at time of peace treaty. In past this statement had always found warm response on part Ger public.

(3) Adenauer was not in position to define territories east of Oder-Neisse. Allies wld not be in a position to know what their obligations were in this matter if they agreed to support him on this issue. Furthermore, "1937" ref in Potsdam was used only for defining occupation and not as commitment to restore territory to Ger.

(4) Gers shld be assured by para 2 of Article VII which provides that "peace settlement for whole of Ger, freely negotiated, between Ger and her former enemies, is an essential aim of their common policy." Western Allies have not recognized any Sov bloc attempt to fix boundary before final peace settlement.

(5) Efforts for integration of Western Eur were designed to achieve benefits for Eur community and to provide Eur force which cld stop Sov aggression. These steps toward unification of Eur and rearming of Ger were not being taken to assure that Ger cld regain her territories. Western Allies were providing soldiers and great effort to protect and extend liberties in Ger. We have asked Ger to contribute to her own defence as well as that of Western Eur. There was always strong hope that some day Ger border could be extended beyond present Sov Zone. That hope was not illusory.

For your info, at mtg with Hallstein on 13 Nov, I raised this point myself and it was thoroughly discussed. He then stated unequivocally he had never had any thought that Allies wld vary their position by this convention in regard to eastern territories and moreover, he understood that we might well require clarification of this language. At our mtg with Adenauer, he simply dissembled as to his earlier position. I am under impression Adenauer was testing us out to see how far we wld go. There was something about his attack which indicated he was not fully sincere in matter but is using this issue for local political purposes so that if later criticized for failure to obtain assurances in regard to Oder-Neisse he can blame Allies. There appears to be no doubt however, that he will press this case again with FonMins in Paris on 22 Nov.

McCLOY

662A.00/11-1651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State

SECRET PRIORITY BONN, November 16, 1951—7 p. m.

416. Verbatim text. Fol redraft of Security Guarantee just received from Chancellor.[1]

"On the occasion of the treaty and conventions signed today, establishing a new basis for the relationship between France, the United Kingdom and the USA, on the one hand, and the FedRep of Germany, on the other, the Three Powers declare that they consider the (political and territorial) integrity of the FedRep and Berlin an essential prerequisite for the peace of the free world.

The Three Powers, confirming and implementing the policy pursued so far, declare that they would treat any attack against the FedRep or Berlin from any quarter as an attack upon themselves.

For the practical implementation of this declaration by which the external security of the FedRep is fully guaranteed and as a consequence of their special responsibilities, the Three Powers will maintain armed forces within the territory of the FedRep and Berlin for such time as they deem necessary having regard to the world situation." [2]

McCLOY

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[1] On November 3 McCloy had reported that the British and French representatives, after consulting their governments, had agreed to the text of a security guarantee along the lines of that set forth in telegram 2528, October 19, p. 1555, with the addition of a reference to Berlin in the last sentence. A copy of the revised draft was given to Adenauer on November 2. (Telegram 311 from Bonn, November 3, 740.5/11-351)

[2] On November 17 McCloy reported that the last phrase of the final paragraph should read "for such time as the world situation requires." Telegram 422 from Bonn, November 17 (662A.00/11-1751). With regard to Adenauer's draft, the Department of State commented on November 20 that it felt the draft was too sweeping, particularly the phrase "by which the external security of the FedRep is fully guaranteed" which constituted an "unqualified and non-reciprocal territorial guarantee to FedRep." (Telegram 3071 to Frankfurt, November 20, 662A.00/11-2051)

CFM files. lot M–88, box 185, contractual arrangements general, 1951

Report by the Allied High Commission for Germany to the Foreign Ministers of the United States, France, and the United Kingdom on the Status of Contractual Negotiations with the Federal Republic of Germany[1]

SECRET [BONN,] November 17, 1951.

HICOM/P(51)91

I. INTRODUCTION

1. In submitting this report on the status of the contractual negotiations between the High Commission and the Federal Government, the High Commissioners wish to draw the attention of the Foreign Ministers to the general political atmosphere at present obtaining in the Federal Republic, and clearly evidenced recently in the legislative bodies. Even assuming that the present difficulties involved in the contractual arrangements mentioned in this report are solved in a manner acceptable to both sides, the Federal Government will have very considerable difficulties in obtaining the majority requisite for the ratification of the Agreements. In many circles in the Federal Republic (and in particular those receptive to the vigorous and continuous campaign carried on by the SPD) the concessions made to the Germans in the Washington decisions have been discounted. The Federal Chancellor is under heavy and continuing political pressure both from the SPD and from certain elements within his own coalition to insist on even greater concessions by the Allies in return for German participation in Western Defense. The longer the negotiations continue, the greater this pressure will become. The situation is further complicated by the strong and natural desire of most Germans for reunification and the deeply-rooted suspicion that integration into the Western European Community is prejudicial to the cause of reunification and, in addition, may further exacerbate East-West relations.

2. The High Commissioners are convinced that the Chancellor himself is sincerely in favor of German integration into the Western European Community. Nevertheless, the above factors, together with the fact that his coalition government possesses only a small majority, have led the Chancellor, since the negotiations began, to concentrate on the "Agreement on General Relations",[2] at the same time doing everything possible to reduce to the minimum the powers which the Allies still consider it necessary to reserve. While it is in the overall interests of the Allies to assist the Chancellor and strengthen the position of the Federal Government vis-à-vis the German public, the High Com-

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[1] Attached to the source text was a cover sheet, not printed, which indicated that the report was prepared by the Special Committee and approved by the High Commissioners for transmission to their Foreign Ministers.

[2] **Attached as Annex A.**

missioners feel that this should not be done at the expense of the basic concept embodied in the Washington Instructions[3] that the "Agreement on General Relations" and the various other Conventions constitute an indivisible whole, and that the "Agreement on General Relations" cannot stand by itself.

3. The following sections of the report state briefly the present status of the negotiations on the various Agreements (Agreement on General Relations, Charter of the Arbitration Tribunal, Acts and Certain Interests of the Three Powers and the Transfer of Certain Responsibilities to the Federal Republic, Status of Foreign Forces Stationed in the Federal Republic and their Protection, Logistical and Financial Support, and Security Safeguards), and point out certain basic problems of which the Foreign Ministers should be aware. Finally, brief comments are also included on two other problems, namely, the Security Guarantee and War Criminals, which are also involved in the framework of the contractual arrangements.

II. AGREEMENT ON GENERAL RELATIONS

4. Since the Washington Conference, nine meetings have been held between the High Commissioners and the Federal Chancellor for the purpose of discussing this draft agreement. On November 14, the Chancellor and the High Commissioners agreed that the text attached as Annex A hereto should be submitted to the Foreign Ministers for approval.[4] At the same time, the High Commissioners submit certain questions for decision by the Foreign Ministers, and also wish to draw their attention to certain significant aspects of the Agreement.

5. PROBLEMS REQUIRING DECISION BY THE FOREIGN MINISTERS

(a) *Declaration of a State of Emergency*

The present instructions to the High Commissioners are that the Western Powers should have a right to declare a state of emergency in the Federal Republic in the event of internal upheaval or an external threat, not restricted by the possibility of arbitration or other review. The Federal Chancellor, on the other hand, maintains that retention of such an unrestricted right by the Allies is not only basically opposed to the concept of German partnership in the European Community but is a violation of democratic principles, and moreover goes beyond rights possessed by the governmental authorities in Allied countries. The Chancellor has stated that he would gladly accept any formula which gave to the Federal Republic the same type of democratic safeguards against arbitrary action which exist in Great Britain, France or the United States.

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[3] For the text of the instructions issued by the Foreign Ministers at Washington, September 14, see p. 1197.

[4] For a report on the November 14 meeting, see telegram 392, November 15, p. 1579.

After prolonged negotiation, and in an attempt to avoid a deadlock on this issue, the High Commissioners have considered tentatively the possibility of permitting the Federal Government, after a state of emergency has been declared, to appeal to some outside body, such as the NATO Council, which would examine the situation and determine whether or not the state of emergency should be terminated. The French High Commissioner considers that the NATO Council would not be suitable and suggests SHAPE as an alternative.

(*b*) *The Oder-Neisse Line*

A further serious problem has been raised by the Federal Chancellor who, while pressing for assurances in the Treaty that the Allies will cooperate in bringing about a unified Germany, announced that he considered these assurances implied Allied support for inclusion of the territories beyond the Oder-Neisse line in a unified Germany.

To avoid later misunderstandings the High Commissioners made it clear, and proposed an agreed minute to this effect, that nothing in the Treaty implied any commitment on the Allied side regarding the disposition of this territory or other territories outside the jurisdiction of the Federal Republic or the Soviet Zone, and that when they spoke of a unified Germany they referred to the unification of the Federal territory with that of the Soviet Zone. They pointed out that their Governments had consistently maintained that the establishment of Germany's frontiers and the disposition of the eastern territories should await the peace settlement. Furthermore, they had repeatedly protested against the Soviet efforts to dispose of the territory beyond the Oder-Neisse line before that time.

The Federal Chancellor made a strong protest against any implications that insofar as unification of Germany was concerned the Allies were entitled to make any distinction between the lands east or west of the Oder-Neisse. He asserted the impossibility of obtaining Bundestag support for any policy of integration if there were any hint that the Allies were not prepared to support the claims of Germany for the restoration of these territories.

Since it is unlikely that the Federal Chancellor and his Foreign Office were unaware that the Allies had reserved their position in regard to these Eastern territories, it seems probable that, by raising this issue, he hoped to bring pressure on the Allies to modify their policy and thus to fortify his political position by appearing as champion of the thousands of refugees from the East.

Although the Federal Chancellor may be induced to withdraw his extreme demand and recognize that this Treaty cannot prejudice the ultimate disposition of Germany's Eastern territories, this issue is politically explosive in Germany and, once raised, cannot be over-looked, even at the risk of increasing the difficulties of obtaining general support for the new relationship. On the other hand, the High Commissioners assume that the Allied Governments, although they are ready and wish to bring about the unification of the four zones of occupation, cannot, at this stage, completely revise their previous policies and now support German territorial aspirations.

6. PROBLEMS RESOLVED AT THE HIGH COMMISSION LEVEL SUBJECT TO SPECIFIC APPROVAL BY GOVERNMENTS

The following problems have been settled by specific formulations in the Draft Agreement, subject to approval by Governments, which may have been received prior to the Paris meeting:

(*a*) *Relations with the USSR and Satellite Nations* (*Article III, paragraph 3*)

This clause has been included at the request of the Federal Chancellor. It provides for consultation by the Three Powers with the Federal Republic, where the latter's political interests are directly involved.

(*b*) *Rights and Obligations of a Unified Germany* (*Article VII, paragraph 2*)

This clause has been inserted as a result of the Chancellor's desire to emphasize in the Agreement that the unification of Germany should not bring with it any reduction in the liberties granted to the Federal Republic by the present Agreement. At the same time, however, the High Commissioners have pointed out, and so specified in the formulation, that these benefits carry with them certain obligations to the Western European Community, which a unified Germany would be required also to assume.

(*c*) *Revision Clause*

The Chancellor pointed out that the Allied draft provided no terminal date. After originally proposing a very broad clause, he agreed to Article X of the draft agreement which provides for review in the event of specified fundamental changes in the international situation or other changes which the parties agree to be of a similarly fundamental character.

7. BASIC DIFFICULTIES ENCOUNTERED IN THE COURSE OF NEGOTIATIONS

(*a*) *Source of Rights Retained by the Three Powers*

The High Commissioners, in accordance with the Foreign Ministers' instructions, have maintained that these rights stem from the unconditional surrender of Germany and the assumption of Supreme Authority by the Allies evidenced by the Declaration on the Defeat of

Germany of 5 June 1945.[5] The Federal Chancellor, on the other hand, although he is prepared to raise no objection to the retention of Allied rights with respect to Germany as a whole and Berlin, argues that the assumption of Supreme Authority by the Allies was for the reason that (as stated in the Declaration of 5 June 1945), there was no central government or authority in Germany capable of accepting responsibility for the maintenance of order or the administration of the country and compliance with the requirements of the victorious Powers. He maintains, however, that this condition no longer exists, and therefore the Allied rights within the Federal Territory flowing from the unconditional surrender and the Declaration of 5 June 1945 have ceased to exist. Furthermore, he points out our admission that the Allied troops are no longer troops of occupation but are stationed in the Federal Republic for the purposes of Western defence and states that this in itself negates any occupational basis for the continuance of Allied rights in this field. Apart from this attempted legal justification, the Federal Chancellor has also stated that, from the political point of view, it would be quite impossible for the Federal Government at this stage to acknowledge in an agreement the continuance of occupational rights. He is willing, however, to agree that the Federal Republic would cooperate with the Allies in the exercise of the rights hitherto exercised or held by them and refrain from acts prejudicial to them. He would also have been willing to grant the rights contractually. The Allies have nevertheless been put on notice that the Federal Government does not recognize, particularly with respect to the stationing of troops, that the juridical basis of the Allied rights is unconditional surrender, the assumption of Supreme Authority, and the Declaration of 5 June 1945.

(*b*) *Stationing of Armed Forces of Other Nations*

Under the original quadripartite agreements of June 1945, the Allied Powers have the right to bring into Germany contingents from any Allied nation which took part in the war against Germany. Under this provision there are at present Belgian, Danish, Norwegian, and Canadian contingents in the British Zone and a small Luxembourg contingent in the French Zone. The Federal Chancellor was reluctant to agree that the Allies should have an unlimited right to bring in contingents of the armed forces of other Allied nations.

The wording of the present draft retains the original right of the Allies in this regard, although paragraph 3 of Article IV has been inserted so as to permit contingents of any nation other than those at present providing contingents to be brought in only with the consent of the Federal Government, except in case of external attack or imminent threat of such attack.

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[5] For the text of the Declaration Regarding the Defeat of Germany and the Assumption of Supreme Authority With Respect to Germany by the Governments of the United States, the Union of Soviet Socialist Republics, the United Kingdom and the Provisional Government of the French Republic, signed at Berlin on June 5, 1945, see TIAS No. 1520 or 60 Stat. 1649.

8. The Foreign Ministers will observe that paragraph 7 of Article V of the attached draft agreement provides that, independently of a state of emergency, any military commander may, if his forces are immediately menaced, take such immediate action appropriate for their protection (including the use of armed force) as is requisite to remove the danger.

The U.S. Commander has, however, pointed out to the High Commissioners that a right should also be retained whereby military commanders could take such action as was necessary for the carrying out of their missions. He considers that the provisions for declaration of a state of emergency, or the provision quoted above, are not adequate to cover all the circumstances under which it may be necessary for the military to take direct action such as, for example, the construction of demolition chambers in bridges or even the laying of protective mine fields. The High Commissioners consider that this problem might be solved within the framework of the Agreement on Logistical and Financial Support.

III. Charter of the Arbitration Tribunal

9. Negotiations with the Germans on the Charter of the Arbitration Tribunal are proceeding normally. While a number of points remain outstanding, the most serious of which is the German reluctance to permit the Tribunal to authorize an aggrieved party to take corrective measures if a defaulting party fails to comply with the Tribunal's orders, it is believed that all can be resolved at the High Commission level.

IV. Agreement on Acts and Certain Interests of the Three Powers and the Transfer of Certain Responsibilities to the Federal Republic

10. This Agreement, formerly called the "Programs Convention", includes the following topics: (1) validity of rights and obligations created by acts of the Occupation Authorities or under certain treaties, and non-discrimination against persons cooperating with or aiding the Allies; (2) deconcentration and decartelization; (3) internal restitution; (4) compensation for victims of Nazi persecution; (5) external restitution; (6) reparations; (7) displaced persons and refugees; (8) claims against Germany (and external debts); (9) German claims against foreign nations or nationals; (10) foreign interests; (11) material aid to Berlin; and (12) civil aviation.

11. Allied drafts on eleven of the above twelve subjects have been given to the Germans but the latter have been ready so far to have

preliminary discussions on only a few of them. The draft of the remaining part (Civil Aviation) is nearly complete. It may be assumed that the part on decartelization and deconcentration and the part on reparations (in particular, the problem of German external assets) will give the greatest difficulty.

12. In the negotiations, the Germans have consistently taken the position that none of the subjects proposed by the High Commission may properly be the subject of a contract, as none of them were referred to in the Foreign Ministers' communiqué issued in Washington in September 1951,[6] nor do they fall within the three "reserved rights".

13. The negotiations would be considerably facilitated if the Foreign Ministers in their talks with the Chancellor in Paris would stress the importance to the Allies of the matters included in this proposed Agreement. If any general communiqué is to be issued by the Foreign Ministers referring to all of the Agreements, it would be helpful if it could stress the necessity for these matters also to be included.

V. Agreement Concerning the Status of Foreign Forces Stationed in the Federal Republic and Their Protection

14. The German negotiators are not at present insisting upon their original position that the NATO Status Agreement should be taken as a basis for negotiation, and that any requirements additional thereto should be specifically justified by the Three Powers. They have agreed to accept the Allied draft as a basis for discussion.[7] Their criticism of particular provisions of that draft are usually based on a contention that, without military justification, they constitute extraordinary encroachments on German jurisdiction, or impose one-sided obligations on the Germans.

15. The High Commissioners consider that the negotiation of this Agreement will present a certain number of difficulties to which for the present they do not believe it necessary to refer more specifically. They feel that it may subsequently prove necessary to submit certain questions to their Governments for decision.

VI. Agreement on Logistical and Financial Support

16. A tripartite draft agreement is now in process of preparation, which, however, relates solely to those matters of logistical support which do not directly involve financial questions. These include provisions determining what facilities, services and supplies are necessary and what should be the method of allocating and procuring them, without prejudice to the question of the source of payment.

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[6] For the text of the Foreign Ministers communiqué, see p. 1306.

[7] Presumably this is a reference to the status-of-forces agreement drafted by the working group on Status and Protection Convention, October 17, not printed. A copy of this draft is in the CFM files, lot M–88, box 193, status of forces (draft papers).

17. The High Commissioners recommend that all possible steps be taken to reach decisions as soon as possible with respect to Germany's financial contribution, which will enable negotiations with the Germans to begin.

18. A disagreement exists among the High Commissioners with respect to the procedure regarding the draft agreement referred to in paragraph 16 above. The US and UK High Commissioners would wish, as soon as the tripartite draft has been completed, to proceed to discussions with the Germans on logistical support, without prejudice to the financial aspects. The French High Commissioner believes that it is useless to begin discussion with the Germans as long as the main question—i.e., the source of payment—has not been settled. He recommends, therefore, that prior to any discussion with the Germans a draft Agreement should be agreed within the High Commission covering both the logistical and financial support of the forces.

19. The High Commissioners request the instructions of the Foreign Ministers on this question.

VII. Security Safeguards

20. Since the governments have not yet agreed the report of the London Study Group, it has not so far been possible to work out an Allied draft of the Agreement envisaged on Security Controls (including the prohibition of paramilitary police forces), or to commence negotiations on this subject with the Germans.[8] It can, however, already be said that it will be extremely difficult to bring the Federal Government to accept a draft Agreement on the lines fixed by the Foreign Ministers in Washington and elaborated by the London Study Group. The Federal Chancellor has declared that he could in no circumstances accept security restrictions on German industry, other than those which would result from the application of decisions taken by the European Defense Community within the framework of the defense production program of the European Defense Community. The High Commissioners emphasize the importance of an early decision on this matter.

VIII. Security Guarantee

21. Because of the great significance attached by the Federal Government to a commitment by the Allies renewing their security guarantee and agreeing to maintain adequate forces in Germany for its protection against attack, the three Governments have proposed the following text as an Allied Declaration to be made at an appropriate moment:

"On September 19, 1950 the Foreign Ministers of the three Allied Powers declared that their Governments would treat any attack against the German Federal Republic or Berlin from any quarter as an attack upon themselves. The establishment of the (proposed) new relationship between the Allied Powers and the German Federal Republic does not alter or diminish the effect of that declaration. The Three Powers consider that the integrity of the German Federal Republic and Berlin is important to the peace of the free world. Consequently, the Allied Powers will maintain armed forces within the territory of the German Federal Republic and Berlin for such time as they deem necessary, having regard to their special responsibilities and the world situation."

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[8] For documentation on the work of the Tripartite Group on Germany concerning security controls for Germany, see pp. 1701 ff.

22. This draft was handed to the Chancellor on November 2, as a tentative proposal for dealing with this subject. He considers this presentation as somewhat negative and has suggested the following alternative draft:

"On the occasion of the Treaty and Conventions signed today, establishing a new basis for the relationship between France, the United Kingdom and the United States of America, on the one hand, and the Federal Republic of Germany, on the other, the Three Powers declare that they consider the (political and territorial) integrity of the Federal Republic and Berlin an essential prerequisite for the peace of the free world.

The Three Powers, confirming and implementing the policy pursued so far, declare that they would treat any attack against the Federal Republic or Berlin from any quarter as an attack upon themselves.

For the practical implementation of this Declaration by which the external security of the Federal Republic is fully guaranteed, and as a consequence of their special responsibilities, the Three Powers will maintain armed forces within the territory of the Federal Republic and Berlin for such time as the world situation requires."

23. The High Commissioners suggest that the Foreign Ministers discuss this matter with the Chancellor at the Paris meeting, but that, if agreement is reached thereon, the publication of the Declaration should be withheld until an appropriate time.

IX. War Criminals

24. The Foreign Ministers have requested the High Commissioners "to examine and make recommendations urgently on the future handling of war criminals in Germany". Numerous discussions have been held, which indicate four possible solutions with regard to custody:

(1) the Federal Government to undertake custody of the criminals;
(2) removal of the criminals to the countries of the Three Powers;
(3) continued detention under Allied control in Germany;
(4) continued detention in Germany under the control of an international body.

25. This question has also been discussed with the Federal Chancellor who agreed to give his comments thereon to the High Commissioners. Until these are received, the High Commissioners prefer not

to make any final recommendations to their Governments. They wish to emphasize however that this is an important issue which must be solved by the time that the contractual agreements are signed.

Annex A

Draft Agreement on General Relations[9]

SECRET [BONN, November 17, 1951.]

ARTICLE I

1. The Federal Republic shall have full authority over its domestic and external affairs, except as provided in this Convention.

2. The Three Powers will revoke the Occupation Statute and abolish the Allied High Commission and the Offices of the *Land* Commission-

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[9] The text of the draft general agreement was discussed by the Foreign Ministers on November 21 and the following preamble approved in addition to the other changes listed below. The resulting document was circulated as Rome D-8, November 22, and is the text approved by Chancellor Adenauer on November 22. For a report on the Foreign Ministers meeting on November 21, p. **1597**. **Regarding** their meeting with Adenauer on November 22, see footnote **1**, p. **1604**.

"*Preamble*

WHEREAS a peaceful and prosperous European community of nations firmly bound to the other free nations of the world through dedication to the principles of the Charter of the United Nations can be attained only through united support and defense of the common freedom and the common heritage;

WHEREAS it is the common aim of the Signatory States to integrate the Federal Republic on a basis of equality within the European Community itself included in a developing Atlantic Community;

WHEREAS the achievement of a fully free and unified Germany through peaceful means and of a freely negotiated peace settlement, though prevented for the present by measures beyond their control, remains a fundamental and common goal of the Signatory States;

WHEREAS the retention of the Occupation Statute with its powers of intervention in the domestic affairs of the Federal Republic is inconsistent with the purpose of such integration;

WHEREAS the Three Powers are therefore determined to retain only such special rights, the retention of which, in the common interest of the Signatory States, is necessary in regard to the special international situation of Germany;

WHEREAS the Federal Republic is determined to maintain a liberal-democratic federal constitution which guarantees the rights of the individual and which is enshrined in its Basic Law, and has developed free and responsible political institutions;

WHEREAS the Federal Republic shares with the Three Powers a determination to abide by the principles of the Universal Declaration of Human Rights;

WHEREAS the Three Powers and the Federal Republic recognize the new relationship established by these Conventions and the Treaties for the creation of an integrated European Community as essential steps to the achievement of their common aim for a unified Germany integrated within the Western European Community; [A footnote in the source text at this point stated: "There will eventually be inserted here a reference to the European Community for Coal and Steel and the European Defense Community."]

NOW THEREFORE, the United States of America, the United Kingdom of Great Britain and Northern Ireland, and France, on the one hand (referred to herein as the Three Powers), and the Federal Republic of Germany, on the other, have entered into the following Convention to set forth the basis for their new relationship:"

ers, upon the entry into force of this Convention and the Conventions listed in Article VIII (called herein "the related Conventions".)

3. The Three Powers will thenceforth conduct their relations with the Federal Republic through Ambassadors who will act jointly in matters the Three Powers consider of common concern under this Convention and the related Conventions.

ARTICLE II

1. In view of the international situation, the Three Powers retain the rights, heretofore exercised or held by them, relating to (*a*) the stationing of armed forces in Germany, and the protection of their security, (*b*) Berlin, and (*c*) Germany as a whole, including the unification of Germany and a peace settlement.

2. The Federal Republic will refrain from any action prejudicial to these rights and will cooperate with the Three Powers to facilitate their exercise.

ARTICLE III

1. The Federal Republic agrees to conduct its policy in accordance with the principles set forth in the Charter of the United Nations and with the aims defined in the Statute of the Council of Europe.

2. The Federal Republic affirms its intention to associate itself fully with the community of free nations through membership in international organizations contributing to the common aims of the free world. The Three Powers will support applications for such membership by the Federal Republic at appropriate times.

3. In their negotiations with States with which the Federal Republic maintains no relations, the Three Powers will consult with the Federal Republic in respect to matters directly involving its political interests.*

4. At the request of the Government of the Federal Republic, the Governments of the Three Powers will arrange to represent the interests of the Federal Republic in relations with other States and in certain international organizations or conferences, whenever the Federal Republic is not in a position to do so itself.

ARTICLE IV †

1. The mission of the armed forces stationed by the Three Powers in the Federal territory will be the defense of the free world, of which the Federal Republic and Berlin form part.

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*For decision by Governments. [This and subsequent footnotes indicated by symbols rather than numbers are in the source text. They were deleted by the Foreign Ministers during their discussion of the draft general agreement on November 22.]

†This Article should also, in the Allied view, include a reference to whatever provisions are later agreed upon regarding restrictions on other military activity and regulation of production and research for military purposes. [Footnote in the source text.]

2. The Three Powers will consult with the Federal Republic insofar as the military situation permits, regarding the stationing of such armed forces in the Federal Republic. The Federal Republic will cooperate fully, in accordance with this Convention and the related Conventions, in facilitating the tasks of such armed forces.

3. Except in case of external attack or imminent threat of such attack, the Three Powers will obtain the consent of the Federal Republic before bringing into its territory, as part of their forces, contingents of the armed forces of any nation not now providing such contingents.

4. The Federal Republic will participate in the European Defense Community in order to contribute to the common defense of the free world.

ARTICLE V

1. In the exercise of their right to protect the security of the armed forces stationed in the Federal Republic, the Three Powers will conform to the provisions of the following paragraphs of this Article.

2. The Three Powers may proclaim a state of emergency in the whole or any part of the Federal Republic if [*Allied:* they find that] [10] the security of the forces is endangered—

by an attack on the territory of the Federal Republic or Berlin, or
by subversion of the liberal-democratic basic order, or
by a serious disturbance of public order, or
by a grave threat of any of these events,

and [*Allied:* that] [10] the Federal Republic and the European Defense Community are unable to deal with the situation.

3. Upon the proclamation of a state of emergency, the Three Powers may take such measures (including the use of armed force) as are necessary to maintain or restore order and to ensure the security of the forces.

4. The proclamation will specify the area to which it applies. The state of emergency will not be maintained any longer than necessary to deal with the emergency.

5. The Three Powers will consult to the fullest extent possible with the Government of the Federal Republic before proclaiming a state of emergency and while the state of emergency continues. They will utilize to the greatest possible extent the assistance of the Federal Government and the competent German authorities.

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[10] Brackets in source text. In the final text of the agreement, approved by the Foreign Ministers and Chancellor Adenauer, the Allied text within the brackets was approved.

6. (German proposal for review procedure: to be discussed)[11]

7. Independently of a state of emergency, any military commander may, if his forces are imminently menaced, take such immediate action appropriate for their protection (including the use of armed force) as is requisite to remove the danger.

8. In all other respects, the protection of the security of these forces is governed by the provisions of the related Convention.

ARTICLE VI

1. The Three Powers will consult with the Federal Republic in regard to the exercise of their rights relating to Berlin. The Federal Republic‡ will cooperate with the Three Powers in order to facilitate the discharge of their responsibilities with regard to Berlin.

2. The Federal Republic will continue its aid to the political, cultural, economic, and financial reconstruction of Berlin, and in particular will grant it such aid as set out in the annexed Declaration of the Federal Republic (Annex ______ of the present Convention).§

ARTICLE VII

1. The Three Powers and the Federal Government will cooperate to achieve, by peaceful means, their common aim of a unified Germany enjoying a liberal-democratic constitution, like that of the Federal Republic, and integrated within the Western European Community.‖

2. The Three Powers and the Federal Republic agree that a unified Germany shall be bound by the obligations of the Federal Republic

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[11] Paragraph 6 of Article V, approved by the Foreign Ministers on November 21, read:

"If the three powers do not terminate a state of emergency within thirty days after a request by the Federal Government to do so, the Federal Government may submit a request to North Atlantic Council to examine the situation and consider whether the state of emergency should be terminated. If the Council concludes that continuance of the state of emergency is no longer justified, the Three Powers will restore the normal situation as promptly as possible."

‡The reference to "Laender" here and elsewhere has been deleted on condition that the Federal Government submits an official legal opinion to the effect that where, in a treaty or agreement executed by it, the Federal Republic assumes an obligation to take specific action, the *Laender* are also obligated to take the same action, even though not specifically mentioned in the treaty or agreement. [Footnote in the source text.]

§At or before the effective date of these Conventions, the Three Powers intend, as far as the situation in Berlin permits, to relax the controls in Berlin. If this has not already been accomplished, the Three Powers will, by letter to Berlin and the Federal Republic, state their intention to do so promptly. [Footnote in the source text.]

‖(1) The extent of this undertaking was not agreed between the High Commissioner and the Chancellor; this question will be discussed with the foreign Ministers.

(2) The Preamble will contain a statement, that the Three Powers and the Federal Republic recognize the new relationship established by these Conventions and the treaties for the creation of an integrated European Community as essential steps to the achievement of their common aim for a unified Germany integrated within the Western European Community. [Footnote in the source text.]

under this Convention and the related Conventions and the Treaties for the formation of an integrated European Community, as adjusted according to their terms or by agreement of the parties thereto, and shall likewise be entitled to the rights of the Federal Republic under these Conventions and Treaties.

3. The Three Powers and the Federal Republic are agreed that a peace settlement for the whole of Germany freely negotiated between Germany and her former enemies is an essential aim of their common policy.

4. The Three Powers will consult with the Federal Republic on all other matters involving the exercise of their rights relating to Germany as a whole.[12]

ARTICLE VIII

The Three Powers and the Federal Republic have entered into the following related Conventions which will become effective upon the coming into force of this Convention:

ARTICLE IX

1. There is hereby established an Arbitration Tribunal which shall function in accordance with the provisions of the annexed Charter.

2. The Arbitration Tribunal shall have exclusive jurisdiction over all disputes arising between the Three Powers and the Federal Republic under the provisions of this Convention or any of the related Conventions, which the parties are not able to settle by negotiation, except as otherwise provided by paragraph 3 below or in the related Conventions.¶

3. Any dispute involving the rights of the Three Powers referred to in Article II, or action taken thereunder, or involving the provisions of Article V, paragraphs 1 to 7 inclusive, shall not be subject to the jurisdiction of the Arbitration Tribunal or of any other tribunal or court.

ARTICLE X

The Three Powers and the Federal Republic will review the terms of this Convention and the related Conventions—

(1) Upon the request of any one of them, in the event of the unification of Germany or the creation of a European federation; or

(2) Upon the occurrence of any other event which all the signatory States recognize to be of a similarly fundamental character.

Thereupon, they will, by mutual agreement, modify this Convention and the related Conventions to the extent made necessary or advisable by the fundamental change in the situation.

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[12] For the text of Article VII as approved by the Foreign Ministers on November 21, see p. 1601.

¶The form of this exception may be subject to revision upon completion of the negotiations of the individual conventions. [Footnote in the source text.]

ARTICLE XI

1. This Convention and the related Conventions shall be ratified by the signatory States in accordance with their respective constitutional procedures. The instruments of ratification shall be deposited by the signatory States with the Government of the ________.

2. This Convention shall come into force immediately upon:

(*a*) the deposit by all the signatory States of ratifications of this Convention and of all the Conventions listed in Article VIII; and

(*b*) the coming into force of the treaty relating to German participation in Western Defense (European Defense Community).

3. This Convention and the related Conventions shall be deposited in the Archives of the Government of the ________ which will furnish each signatory State with certified copies thereof and notify each such State of the date of the coming into force of the Convention and the related Conventions.

IN FAITH WHEREOF the undersigned representatives duly authorized thereto have signed this Convention.

Done at ________ this ______ day of ________, 1951, in the English, French and German languages, all being equally authentic.

Conference files, lot 59 D 95, CF 97

United States Delegation Minutes of the Tripartite Foreign Ministers Meeting at the Quai d'Orsay, November 21, 1951 [1]

SECRET [PARIS,] November 23, 1951.

PAR M-1

FRANCE

Foreign Minister Robert Schuman
Deputy Foreign Minister Maurice Schumann
Ambassador Bonnet
High Commissioner François-Poncet
M. Parodi
M. LeRoy
M. Alphand

UNITED KINGDOM

Foreign Minister Eden
High Commissioner Kirkpatrick
Mr. Frank Roberts
Ambassador Harvey

UNITED STATES

Secretary Acheson
High Commissioner McCloy
Ambassador Bruce
Mr. Perkins
Mr. Byroade

MR. SCHUMAN welcomed his colleagues and asked if they wished to discuss Austria first. It was agreed that discussion of Austria would be postponed until Thursday, and it was agreed to begin by discussing the

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[1] Secretary Acheson and Foreign Secretary Eden were in Paris for the sixth regular session of the United Nations General Assembly.

High Commission's Report.[2] Mr. Schuman called on Mr. McCloy, as Chairman of the High Commission, to report on its behalf.

Mr. McCloy said he would not summarize the report, but he thought the Foreign Ministers would be interested to know that the principal background to the report, all the High Commission[er]s agreed, is the necessity for speed. Speed is necessary, he said, in order to come to decisions so that the Germans can prepare and carry through the legislative program of substantial proportions which will be required of them.

He said that the General Agreement had now been agreed with Chancellor Adenauer except in a few respects.[3] The High Commissioners had made it quite clear to Chancellor Adenauer that the collateral agreements must be signed at the same time as the General Agreement, but work on them has been slow. This is partly because they are complex, but also because major emphasis has been concentrated on the General Agreement. Mr. McCloy said he thought, however, that the Chancellor accepted that all the conventions and agreements went together.

He said that Chancellor Adenauer had attacked the desire of the Three Powers to maintain reserve powers and had urged that they be incorporated in the contractual arrangements. However, Chancellor Adenauer had finally accepted that our position was based on government instructions. Two major issues had arisen. The first related to the Allied Power to declare a state of emergency. In view of the drastic nature of this power which will create some difficulties for Adenauer in the Bundestag, he had asked that there be review of our use of the power. While the High Commission did not consider that any body should be authorized to review the propriety of a declaration of a state of emergency, they did think that there might reasonably be a review of its continuation. The second point related to the discussion of a unified Germany. At the last meeting of the High Commission, Adenauer had indicated he included in the term Germany the territory east of the Oder-Neisse. By raising this issue, Chancellor Adenauer had effectively stopped discussions with the High Commission. However, the High Commission thought that what he wanted was an indication that while Germany's boundaries remained a matter for settlement in a peace treaty, Germany was not precluded from exerting her aspirations for the return of the eastern territories. Traveling to Paris, Chancellor Adenauer had given Mr. McCloy a draft which referred to the Atlantic Charter, indicating that the settlement of German boundaries should be "in the spirit of the Atlantic Charter".[4] Mr. McCloy said he thought this was not acceptable but perhaps some such phrase as "in a spirit which will tend to minimize national tensions and frictions" might be acceptable to the Allied Foreign Ministers.

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[2] *Supra.*

[3] The draft General Agreement is Annex A to the High Commissioners' report.

[4] No copy of the draft under reference has been found in Department of State files.

Mr. Acheson said he was sympathetic with Chancellor Adenauer's problem with respect to the declaration of the state of emergency. He said a review procedure would be useful to Chancellor Adenauer in dealing with the Bundestag, but was unlikely ever to be used. Either the Three Powers would be working closely with the Federal Republic and anxious to give up emergency powers as soon as possible or they would be in conflict with them and would not wish to return powers to the Federal Republic. He said he thought the NAC was the logical body to review action by the Three Powers. The use of the emergency powers would arise out of the threat to Western security. However, any NAC action must be by unanimous decision. The Germans could explain they thought the emergency was over. We would have to state our reasons for believing it continued. We would therefore have to yield if we were acting in an arbitrary manner since Western public opinion would not support our continuing a state of emergency. If we said nothing in any provision on this subject about voting procedure, a unanimous vote would automatically be required since this is normal NATO practice.

Mr. Eden agreed with Mr. Acheson's suggestion, noting that the Germans should be free to appeal only thirty days after the declaration of the emergency. He thought this arrangement would be satisfactory to us but wondered if it would be satisfactory to Adenauer.

Mr. Schuman said he thought it might be difficult to convene the 12 or 14 NAC members. He therefore suggested that review be made by the Chairman of the NAC, SACEUR and the Chairman of the Council of Europe. He said, however, that if Chancellor Adenauer would agree to Mr. Acheson's proposal he could accept it. He raised another point which was that since Mr. Acheson's proposal involved the Germans being judged by a body of which Germany is not a member this might inspire the Germans to ask to be admitted to NATO.

Mr. Acheson said he did not see that this procedure would give the Germans any basis for claiming a right to NATO membership.

Mr. Eden said he did not think it would make any material difference since the Germans could find some other pretext to ask for NATO membership. He said he felt the NAC to be the body most concerned with this sort of problem. He suggested that the Council of Europe Chairman might be a Swede and, being neutral, might not wish to participate in the sort of decision which would be required.

Mr. Schuman said he would agree provided the agreed procedure did not provide a basis for arguing that Germany is entitled to become a member of NATO. It was agreed that the High Commission would draft appropriate language and discuss the language with Chancellor Adenauer on Wednesday night.

The Ministers then turned to the discussion of the problem raised with respect to German boundaries and German unification. MR. ACHESON said it was impossible to refer to the Atlantic Charter. In the main, the understandings were clear, but we cannot commit ourselves at this time. This can only be done in the peace treaty. However, we do not ask the Germans to commit themselves. It will be difficult to find an appropriate form of words including the point about a settlement of frontiers which does not create friction, but this, he thought, is what should be done.

MR. EDEN agreed with Mr. Acheson with respect to the Atlantic Charter. He also thought it would not be easy to find a formula regarding some former parts of Germany the U.S. and U.K. had agreed to detach. Koenigsberg and East Prussia were among these. With respect to others, we had reserved our position. We must be careful not to give the Germans a basis for saying we have opened up issues on which we previously had taken firm positions or given commitments.

MR. SCHUMAN said that the French Government saw no reason to change decisions which had been taken on Germany's western boundaries. He said we did not want the Germans asking that elections or plebiscites be held. This would raise trouble in some cases and would be quite meaningless in some circumstances.

MR. ACHESON suggested that we might say the final determination would be made in the peace settlement, thus not reflecting on decisions which had already been taken.

MR. EDEN suggested it would be better to say that final determinations would be made in accordance with the terms of the Potsdam Protocol which says that they will be made in a peace settlement. Otherwise, he said, he was apprehensive. All sorts of problems, in addition to the Oder-Neisse Line, would become subject to discussion.

MR. ACHESON said he would hate to refer to Potsdam and give it new vitality.

MR. EDEN said we must avoid making it look to the Germans as if all the Eastern frontiers are open questions and we have gone back on our commitments.

MR. SCHUMAN said we must, however, help Adenauer avoid giving the impression he is abandoning the Eastern claims. We must help him, but not get ourselves in trouble.

MR. EDEN said he thought Adenauer would have abandoned nothing if he had accepted our original draft. He is trying to get a commitment from us which we should not give him.

MR. ACHESON suggested that the statement required must refer to the final peace settlement, the necessity of lessening friction and the international commitments of the Three Powers. He noted, however, that we must not give a basis for German fears that there are secret commitments about her frontiers.

Mr. Schuman suggested that perhaps a very vague formula such as "without prejudicing a final settlement at the time of the peace treaty" might be the best solution. He said he was not happy about the reference to national frictions and tension since one party could create friction or a feeling of friction. This would be a source of difficulties rather than a solution.

Mr. Eden asked if Chancellor Adenauer wished to frighten the Poles.

Mr. Acheson said Chancellor Adenauer told him at lunch he wished to reassure the Poles.[5]

Mr. Eden said that, strictly speaking, this subject is not properly one for the General Agreement. Could not, he suggested, Chancellor Adenauer make a statement of his position with respect to Germany's frontiers.

Mr. Maurice Schumann said that Chancellor Adenauer's position differed from ours.

Mr. Schuman said he thought a solution could be found provided it did not include language such as "in order to minimize tensions".

Mr. Eden said he preferred to say nothing, since much use would be made by the Germans of anything we said, and there would be a bad reaction in Poland and elsewhere. He suggested a formula which began "the Three Powers and the Federal Republic agreed that a peace settlement including the final determination of frontiers freely negotiated between Germany and her former enemies is an essential aim of their common policy". He thought nothing more was required.

Mr. Acheson suggested that a phrase such as "which should lay the foundations for a lasting peace" was necessary.

Mr. Schuman then amended a proposal suggested by Mr. Acheson and the Ministers agreed on the following text:

"*Article VII*

1. The Three Powers and the Federal Republic are agreed that a peace settlement for the whole of Germany which should be the foundation of a lasting peace freely negotiated between Germany and her former enemies is an essential aim of their common policy.

They further agree that the final determination of the boundaries of Germany must await such a peace settlement.

2. Pending the peace settlement, the Three Powers and the Federal Government will cooperate to achieve, by peaceful means, their common aim of a unified Germany enjoying a liberal-democratic constitu-

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[5] Acheson, Bruce, McCloy, and Byroade had had lunch with Adenauer at the U.S. Embassy at 12:30 on November 21, according to McCloy's records of the Foreign Ministers meetings, but no report on the subjects which they discussed has been found in Department of State files. (Bonn Mission files, lot 57 F 24, McCloy project November 1951)

tion, like that of the Federal Republic, and integrated within the Western European Community.

3. The Three Powers and the Federal Republic agree that a unified Germany shall be bound by the obligations of the Federal Republic under this Convention and the related Conventions and the Treaties for the formation of an integrated European Community, as adjusted according to their terms or by agreement of the parties thereto, and shall likewise be entitled to the rights of the Federal Republic under these Conventions and Treaties.

4. The Three Powers will consult with the Federal Republic on all other matters involving the exercise of their rights relating to Germany as a whole."

Mr. Eden said he thought it would be useful to discuss what would be said to Chancellor Adenauer about this topic. He thought it might be best to say nothing since it might be possible to persuade him that nothing need be said in the General Agreement.

Mr. Acheson pointed out that since Chancellor Adenauer had raised the question we must make it quite clear that we were talking only about the four zones of occupation and not the territory east of the Oder-Neisse.

Mr. Schuman said it should be understood that we are replacing the High Commission text and not providing a new basis for discussion between Chancellor Adenauer and the High Commission.

Mr. Acheson said the High Commissioners should see Adenauer tonight with a new text and could, he hoped, agree it with Chancellor Adenauer. Mr. Schuman and Mr. Eden agreed provided it was understood that the text could not be altered but was final.

Mr. McCloy said that if there were no objections to other parts of the General Agreement on the part of any of the Foreign Ministers the High Commission's proposals would have been approved and no points need be raised with Chancellor Adenauer except the two which had been previously discussed. He noted that Chancellor Adenauer had asked that if agreed the General Agreement be initialed in Paris.

Mr. Schuman said that he had a problem with respect to Article IV and its footnote. Before initialing, he wished to know how we were going to complete Article IV.

Mr. McCloy suggested that we keep the footnote until this problem is worked out and the High Commission is in a position to agree what security restrictions there should be with Chancellor Adenauer.

Mr. Schuman said he did not think the Ministers could initial an incomplete text.

Mr. McCloy said it might be possible to prepare a memorandum of understanding which, among other things, would indicate that the General Agreement might be modified in the light of the related conventions when they were completed.

Mr. Schuman said that it would not be acceptable to have merely an Allied understanding with respect to the inclusion of security restrictions in the contractual arrangements. If they were not mentioned in the General Agreement we might be precluded from raising the question with the Germans.

Mr. Acheson suggested that the Ministers not initial the General Agreement but agree [on] a memo with Chancellor Adenauer. Alternatively, he thought they might merely note the nature of their approval of the General Agreement in a communiqué issued jointly with Chancellor Adenauer which might also make clear that its final acceptance by the three governments could come only when the related conventions had been accepted.

Mr. Eden agreed.

Mr. McCloy said he wanted to inform the Ministers that with reference to the problem of the declaration of the state of emergency it had been made clear to the Chancellor that the High Commission would insert in the contractual arrangements a provision enabling military commanders to take reasonable measures for the protection of their forces in situations not so serious as to require the declaration of a state of emergency. He cited as examples the chambering of bridges for demolition and preparations involving communications, transportation, etc. We would have a contractual right, he said, to take these pre-emergency measures. Our military commanders in Germany are drafting a text which we do not yet have. It is not necessary that this text be available here in Paris since Chancellor Adenauer knows that it will be inserted in one of the related conventions. However, it might be useful if in their discussions with him the Foreign Ministers noted their knowledge of this point and their agreement that it was necessary to have such a provision in addition to the provisions of Article V of the General Agreement.

Security Guarantee

Mr. Acheson read and circulated the U.S. proposal for an Allied declaration respecting German security to be issued at the time of the completion of contractual arrangements. This draft was agreed by the three Ministers. Its text is as follows:

"On the occasion of the entry into force of the conventions establishing a new basis for the relationship between France, the United Kingdom and the United States of America on the one hand and the Federal Republic of Germany on the other, the Three Powers—

(*a*) Declare that they consider the integrity of the Federal Republic and Berlin an essential element of the peace of the free world.

(*b*) Reaffirm that they will treat any attack against the Federal Republic or Berlin from any quarter as an attack upon themselves, and (*c*) Declare that they will maintain armed forces within the territory of the German Federal Republic and Berlin for such time as they deem necessary, having regard to their special responsibilities in Germany and the world situation."

[Here follows the record of the last part of this meeting in which the Foreign Ministers discussed German security controls, printed page 1715.]

Conference files, lot 59 D 95, CF 97

United States Delegation Minutes of the Tripartite Foreign Ministers Meeting at the Quai d'Orsay, November 22, 1951, 11 a. m.–2 p. m.

SECRET [PARIS,] November 26, 1951.

PAR M-2

FRANCE

Deputy Foreign Minister Maurice Schumann
Ambassador Bonnet
High Commissioner François-Poncet
M. Parodi
M. LeRoy
M. Alphand

UNITED KINGDOM

Foreign Minister Eden
High Commissioner Kirkpatrick
Mr. Frank Roberts
Ambassador Harvey

UNITED STATES

Secretary Acheson
High Commissioner McCloy
Ambassador Bruce
Mr. Perkins
Mr. Byroade

[Here follows the record of the first part of this meeting in which the Foreign Ministers discussed the Austrian Treaty, printed volume IV.]

MR. MCCLOY said that he had discussed the three principal issues with the Chancellor and had explained the decisions to him. He said that the Chancellor had suggested minor changes which were unimportant and which had been accepted. He had then accepted the decisions in good spirit.[1]

He had mentioned that the foreign ministers would wish to raise the question of security controls, but he did not go into details as to how the matter would be treated. He said that Mr. Hallstein had asked whether it was not understood that the problem of security controls could be handled through the EDF. Mr. McCloy said that he had replied that this was a matter which would be discussed by the foreign ministers.

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[1] According to Secto 69, November 22, the High Commissioners had met with Adenauer following the Foreign Ministers meeting on November 21 (PAR M-1, *supra*) and had reported to him the agreement that had been reached on the general agreement and the security guarantee. Adenauer had accepted the decisions "in good spirit." (740.5/11-2251) No further record of the meeting with Adenauer has been found in Department of State files.

Mr. Schumann suggested that the word "should" be substituted for the word "shall" in paragraph 1, article 7 of the general agreement (See Secto 64 to Department, November 22, repeated London 328[?], Bonn 37, Rome 212 [2]). He said that he construed the "shall" as implying a concession on the part of the three governments that a lasting peace in Europe could be achieved only if German claims in the East were satisfied at least in some measure. He said that if this interpretation were to be asserted by the Federal Government, it would be necessary for his government to issue denials. This would be precisely the type of controversy which we are all anxious to avoid.

There was some discussion as to whether "will", "shall", or "should" implied more or less finality. It was finally agreed to use the word "should".

[Here follows the record of the final part of this meeting in which the Foreign Ministers discussed a German financial contribution to defense, see page 1676.]

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[2] Not printed; for the text of Article VII, see PAR M-1, *supra*.

662A.00/11-2251: Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State [1]

SECRET PARIS, November 22, 1951—9 p. m.

3086. Schuman opened meeting by expression of welcome to Chancellor upon occasion of this first meeting of four FonMins.

Chancellor then reviewed briefly internal situation in Germany pointing to three dangers facing FedRep.

1. Neo-Nazism. Altho foreign attention seems particularly directed to this danger, it is not serious at present. Govt and Bundestag fully conscious of potential threat and are taking precautionary measures such as recent decision to ask constitutional court to determine whether SRP shld be banned as unconstitutional.
2. Communism. This danger appears to be underestimated abroad. Party has few members but it has full strength as well as financing of USSR behind it. In addition to party there are 48 organizations, disguised in various ways but following strict party line. Fed Govt taking same action with respect to KPD as it is in case of SRP.
3. Refugees. It is essential that some means be found to house and provide for 9½ mil refugees at present in West Germany as otherwise they may turn either toward the right or extreme left.

Chancellor then stressed significance of meeting as means of consolidating developments in Germany which wld enable the Fed Govt to speak with full authority on the side of the West. Chancellor stated his conviction that decisions to be taken within next few weeks would make Germany a strong factor in European security and convince Soviets that their cold war to win over FedRep had failed. The inclusion of Germany in defense community wld strengthen Europe.

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[1] Repeated to Bonn and London.

Secy referred back to meetings in 1949 which had made possible the creation of the FedRep and free elections bringing Chancellor to office. He welcomed the Chancellor's presence at these meetings as evidence of the change in Germany and its alinement with the liberal spirit of constitutional democracy. He pointed to the change which had likewise taken place in US where ten years ago it wld have been impossible to conceive any Secy of State wld be discussing European questions in such a forum. The US was now determined that all shld work together to find a solution of mutual problems and considered it happy augury that Chancellor had admitted existence of certain of these problems since his recognition thereof wld contribute to their solution.

Eden associated himself in welcome to the Chancellor and expressed the conviction that this wld be prelude to valuable succession of subsequent meetings. He was particularly happy that the meeting was taking place in Paris as Britain looked forward to the establishment of a true and enduring peace between France and Germany. If this meeting and later ones will serve to promote this end no one will welcome it more than the UK.

Schuman then concluded the introductory phase of the meeting in pointing to its particular significance for France which together with Germany was sponsoring something new for all Europe and all of the world. In this enormous undertaking which he was confident that most people understood and approved Schuman explained it wld be necessary to take certain precautions and to proceed by stages but each stage shld be a decisive one toward achievement of common goal. Mr. Schuman was confident that such a decisive step was being taken today.

The meeting then registered agrmt on the terms of general agrmt and security guarantee with understanding that former must be completed by agrmts upon supplementary convention.[2] Agreed announcement to this effect was inserted in communiqué.[3]

Schuman then mentioned the necessity of reserving possibility of limiting or prohibiting production of certain armaments. He said this was difficult problem and wld necessitate finding a formula which not only recognized Germany's equality of status but took into account political realities of situation. It was agreed that the Chancellor wld discuss this matter which might have to form subj of one of related conventions with the High Commissioners next Monday who cld then report his views to their ministers and receive further instructions.

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[2] For the text of the general agreement, see Annex A to the High Commissioners report, November 17, p. 1592; for the text of the security guarantee, see p. 1603.

[3] The text of the communiqué is printed *infra*.

After agrmt upon communiqué the Chancellor then expressed the heartfelt thanks of Fed Govt and Republic for this meeting and assured other ministers that German people were fully aware of the obligations which they face and determined to work for peace and integration of Europe. He then paid a tribute to the High Commissioners and their contribution to this historic development. Schuman expressed hope that Germany fully understood significance of the meeting and that it wld remain faithful to policy which Chancellor had so courageously promoted so that four powers together cld build a peaceful and happier Europe.

Secy took occasion at conclusion of meeting again to stress that the success of our common program and policies in Europe depended upon three accomplishments by end of year: (*a*) the establishment of adequate defense budgets sustainable in Europe, (*b*) agrmt on the EDC treaty and (*c*) conclusion of the contractual arrangements. These were interdependent and shld be brought to conclusion by end of year. He said it had been agreed High Commissioners wld shortly begin discussions on German contribution to European defense. In these discussions it was important that Germany approach question in a spirit, and make its total contribution, comparable to that of the other European nations.

The atmosphere of the meeting was good. This had been facilitated by prior agrmt upon many of the issues and by determination of all participants to recognize the significance of the occasion which marked a new progressive development in allied-German relations.

Conference files, lot 59 D 95, CF 97

Communiqué Approved by the Foreign Ministers of the United Kingdom, the United States, France, and the Federal Republic of Germany

PARIS, November 22, 1951.

STATEMENT ON ALLIED–BONN AGREEMENT

The Foreign Ministers of France, the United Kingdom and the United States met today with Dr. Adenauer.

This meeting, the first occasion on which the Chancellor and Foreign Minister of the German Federal Republic had jointly conferred with the foreign ministers of the three Western powers, marked in itself a notable advance in the progressive association of the German Federal Republic with the West on the basis of equal partnership. All participants welcomed the opportunity given for a general review of a problem of mutual concern.

In the course of the conversation, which dealt with the general political situation of the Federal Republic in connection with the present world situation, the four foreign ministers reviewed the progress so far made in the negotiations carried on in Bonn for the establishment by freely negotiated agreements of a new basis for the relationship between their countries.

In particular they examined the draft of a general agreement between the four Governments which had been prepared in Bonn. This is to establish the main principles of their future relationship and can only enter into force together with the related conventions referred to below and the treaty establishing a European defense community.

Certain outstanding points in the general agreement were settled and, subject to final confirmation by their Governments, the ministers have approved the draft of this agreement. It will not be signed or published at present, since the four Governments agree that it must be completed by a number of related conventions governing in more detail other important matters arising out of the future relationship between them. The ministers agreed on the need for rapid progress in the completion of all these related conventions.

The general agreement will be a concisive step toward the realization of the common aim of the three Western powers and the Federal Government to integrate the Federal Republic on a basis of equality in a European community itself included in a developing Atlantic community.

With the coming into force of the general agreement and the related convention, the Occupation Statute with its powers of intervention in the domestic affairs of the Federal Republic will be revoked, and the Allied High Commission and the Offices of the *Land* Commissioners will be abolished. The three powers will retain only such special rights as cannot now be renounced because of the special international situation of Germany, and which it is in the common interest of the four states to retain. These rights relate to the stationing and the security of the forces in Germany to Berlin and to questions concerning Germany as a whole.

The mission of the forces stationed in Germany by the three powers will be the defense of the free world, of which the Federal Republic and Berlin form part. Their status will be settled in detail in one of the related conventions. Any disputes rising from the interpretation or application of the general agreement or the related conventions—with the exception of certain special rights—will be settled by a court of arbitration.

The Federal Republic will undertake to conduct its policy in accordance with the principles set forth in the Charter of the United Nations and with the aims defined in the Statute of the Council of Europe.

The four ministers are agreed that an essential aim of the common policy of their Governments is a peace settlement for the whole of Germany freely negotiated between Germany and her former enemies, which should lay the foundation for a lasting peace. They further agreed that the final settlement of the boundaries of Germany await such a settlement.

They reaffirmed their intention to strive for the establishment of German unity, and agree on the importance of the proposals now before the General Assembly of the United Nations designed to ascertain whether free elections can be held simultaneously in the Federal Republic, Berlin and the Soviet zone of Germany.[1]

The four foreign ministers consider the contractual arrangement to be concluded between their Governments as well as the treaties for the creation of an integrated European community as essential steps to the achievement of their common aim: A unified Germany integrated within the Western European community.

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[1] For documentation on the question of all-German elections, see pp. 1747 ff.

762A.5/11-2351 : Telegram

The Secretary of State to the President and the Acting Secretary of State

SECRET ROME, November 23, 1951—7 p. m.

Actel 20. For the President and Acting Secretary from Acheson.[1] In my talks here this week with Eden and Schuman, and finally with Adenauer, I think we have succeeded in moving some of our German problems forward. No spectacular decisions were made but as you know none were expected at this time.

We were able to resolve all the remaining questions concerning the agreement on general relations with the Germans so that this document is now agreed with Adenauer and is ready for signature whenever the related agreements about troops and other matters are ready, and when the agreements for a German defense contribution are concluded. We have therefore been able to issue a communiqué jointly with Adenauer which will make his trip seem a success and will thus strengthen his hand in his efforts to tie the Federal Republic into the west.

Much less progress was made on the thorny problem of security safeguards on Germany, but we were at least able to outline the fundamentals of this problem to Adenauer and there is at least a hope that he may be stimulated to make a voluntary offer on Germany's part to refrain from the production of certain important military items. We expect to discuss this problem further among the three of us at Rome after the French Cabinet has considered it again and after the Chancellor has given his views to the High Commissioners.

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[1] The source text bears the marginal notation "Copies sent White House 11/26/51."

It has proven impossible thus far to get beyond the barest fundamentals of the question of the German financial contribution for defense. The British and French have agreed, however, to an immediate exploration of the problem by the Allied High Commission with the Germans on the basis of a German defense budget for their next fiscal year (beginning April 1) of approximately 13 billion marks, to be used both for the cost of Allied troops in Germany and the German share in the cost of the European defense community. This is of course merely a negotiating figure. This entire problem will likewise be the subject of further talks in Rome.

Finally, Eden and Schuman agreed with me on the text of a so-called security guarantee, a declaration to be made by the three governments whenever all the German agreements come into force. This is largely a repetition of the statement made in the Foreign Ministers communiqué in September 1950 wherein we stated that we would treat an attack on the Federal Republic or on Berlin as an attack on ourselves. It additionally stated our intention to maintain troops there which Adenauer considered of great importance in Germany. This point is so worded, however, to insure that final determination on this matter rests with us. I believe this solution will tide us over until such time as Germany can be formally linked to the North Atlantic Treaty.

The meeting between Adenauer and Eden, Schuman and myself was entirely in good atmosphere. I believe the fact that the four of us met on a basis of equality is of greater importance in Europe than any of the specific agreements reached at the meeting and hope that it will serve to speed along conclusions of the remaining negotiations with Germany and the finalization of European defense arrangements. Adenauer had held talks with each of us before the meeting and had already discussed most of the matters of concern to him. His primary concern seemed to be the present fear in Germany that the big powers might conclude a deal with Russia on the unification of Germany at the expense of the interests of the Germans themselves. On this point I believe he received satisfactory assurances from each of us. Likewise we had reached agreement with him prior to the formal meeting that he would not press for any change in the present position of our three governments as regards Germany's eastern territories. He had raised this point publicly in a recent speech in Germany and had pressed the High Commission for some commitment which would help him in view of the pressure of the refugee problem in Germany. All three of us were firm on this point. I informed the Chancellor that the position established by Byrnes in his Stuttgart speech[2] that this was a matter to be dealt with in the final peace settlement would remain unchanged.

Adenauer seems prepared to push remaining conventions on such matters as status of forces and their logistical support to a speedy conclusion. It was understood among the four of us that every effort would be made to complete all of the remaining agreements with Germany by the end of the year. These would, of course, only go into effect upon Germany's commitment to join the defense effort. The time schedule for completion by the European nations, including Germany, of a treaty to establish the European defense force is not as optimistic, primarily because of the difficult financial problems involved. We are all searching for methods of expediting this effort. We will of course be working on this problem at Rome.

ACHESON

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[2] For the text of Secretary Byrnes' speech on U.S. policy toward Germany, given at Stuttgart on September 6, 1946, see Department of State *Bulletin*, September 15, 1946, p. 496, or Ruhm von Oppen, *Documents on Germany*, pp. 152–160.

740.5/11–2951 : Telegram

The United States Delegation at the Tripartite Foreign Ministers Meeting to the Acting Secretary of State[1]

SECRET ROME, November 29, 1951—8 p. m.

Secto 114. Summary report of mtg between Acheson, Schuman, Eden and Benelux FonMins Nov 26. As chairman of Paris mtg Schuman opened by giving full description of provisions of German contractual arrangements. Benelux ministers showed interest in question of equality of treatment of their troops in Germany with that of occupying powers. After being reassured on that, they then raised question of EDC. They indicated they had been much disturbed by communiqué issued after mtg with Adenauer in Paris,[2] which made contractual arrangements contingent not only on subsidiary agreements but also on completion of EDC. They indicated that they felt this put undue pressure on them and gave Germany great advantage trading. They were told by all three occupying ministers that quite reverse had been intention and that we wanted to make it quite clear to Germans that they would not have contractual arrangements unless they agreed to satisfactory arrangements on other points.

Stikker took lead in presenting Benelux point of view of this issue, but was closely seconded by Van Zeeland and Bech. They explained that they had constitutional problems which did not affect France and Germany and they resented being put in position of blocking EDC.

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[1] Repeated to London, Paris, The Hague, Brussels, and Luxembourg.

[2] Dated November 22, p. 1607.

They repeatedly returned to this point during mtg, at dinner that evening, and in subsequent conversations. They indicated that they felt Paris conference was coming up with solutions which were too theoretical and which unduly involved their constitutional questions. They also indicated that they felt practical solutions cld and shld be found. In this connection, Van Zeeland brought up and was seconded by others desirability of widening membership of EDC. He said that it would be much easier for them if British and Scandinavians cld join in on some basis. Stikker subsequently indicated that what they had in mind was limited membership covering troops which were actually in SHAPE.

Secy, seconded by Eden and Schuman, pointed out that there was nothing new in situation and that it flowed inevitably from decision taken at Brussels last year. Therefore, it was none of our doing but was the result of force of circumstances. He further emphasized great urgency in completing EDC arrangements. He indicated that they must be completed for next mtg of NAT Council in January. Otherwise, we might lose Adenauer government and German participation in defense of west.

After dinner that evening in an informal get together with Secy, Stikker, Bech, Eden and Schuman much of same ground was covered again. Secy privately told Schuman that it was vital that EDC provisions be completed by end of Dec and that Schuman must push through himself, not leaving it to Alphand. Schuman indicated that he appreciated significance of this latter point. Secy also made it clear that it was up to Schuman to handle Benelux situation.

During various discussions it was brought out that it was vital for ministers themselves to get into discussions and get them out of hands of technicians. We understand that mtg of ministers has been called for some time in week of Dec 10.

For further description of Benelux views see statements made by Stikker and Van Zeeland at council mtg.[3]

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[3] For reports on the NATO Council meetings under reference, see Secto 93 and Secto 105, pp. 735 and 737.

740.5/12-1151 : Telegram

The Ambassador in the United Kingdom (Gifford) to the Secretary of State [1]

SECRET LONDON, December 11, 1951—6 p. m.

2690. 1. Roberts called Holmes to FonOff late yesterday for fill-in on last week's discussions with Adenauer. He confirmed our impression that visit was successful and very useful in its principal object of promoting goodwill, and noted that many MP's not necessarily sympathetic to Ger reacted favorably to Chancellor when he addressed them. Adenauer held up well under full schedule and was particularly adroit in answering and parrying difficult press questions (e.g., on Ger membership in NATO; "He who goes softly, goes safely").

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[1] Repeated to Bonn, Paris, Moscow, and Berlin.

2. Adenauer had been concerned re possible "deal" with Soviets at Ger expense. Churchill assured him that "even to avoid war" he wld not make a deal with Soviets without close consultation with Ger Govt. Adenauer expressed gratification at this assurance.

PriMin added it was his wish to establish "tolerable relations" with Soviet Union. He had mused for some time on reason for that country's continued hostility to other nations and had come to conclusion that present Soviet Govt "feared our friendship more than our enmity".

3. Adenauer told Churchill that many Europeans were wondering why "father of Eur idea" appeared now to adopt stand-offish attitude. Churchill replied that his intention had been to foster firm Franco-Ger friendship with Brit assistance. Chancellor said he understood Brit position and did not press for change. He did however express hope that if various plans for Eur integration can be made to work Brit will at some future date become closely associated with them.

Adenauer was asked whether any Brit statement of [*or?*] "push" might help EDC negots over present rough spots. Reply was negative, with caution that participants cld probably best settle current difficulties among themselves.

4. Chancellor said in strict confidence that integration of West Ger into West Eur was prerequisite to Ger unification. When integration accomplished then unification wld be possible. He cld not state this openly because it wld be seized on by his political enemies as indication that he opposed unification. Churchill expressed entire agreement with this position.

5. Adenauer raised question of war criminals in Brit custody and said that he wld like to take something positive on this subj back to Ger. To satisfy this request, he was told that proposal was being put to Cabinet that war criminals be given credit for time they had served prior to their trials. This wld mean immed release of approx 30 of about 200 now in custody. (For background see Embdes 2225 of Nov 14.[2]) Adenauer was given "off the record" info on Brit proposal that future clemency cases be decided by three-man board (one Allied rep, one Ger, one neutral). This appeared satisfactory, Chancellor said, if neutral was chairman. Roberts informed Holmes that neutral chairman wld probably be acceptable to UK.

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[2] Not printed.

6. Brit raised question of compensation to Jews who frequently present their cases at FinOff. Adenauer said he had seen Jewish reps in London "on the side" and thought some solution cld be worked out.

GIFFORD

662A.00/1-352 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET
PRIORITY

BONN, January 3, 1952—9 p. m.

943. For Byroade. Your Deptel 797.[1] In the fol sections which deal with the individual conventions separately we have analyzed in some detail progress achieved as well as major points now at issue. Despite number of latter which must still be listed we are convinced that sufficient progress has now been made to warrant reasonable hope that, with possible exception of some parts of financial contributions, supplementary conventions can be concluded by next NATO meeting. German negotiators are now anxious to finish by that date and are working hard to that end. As individual points of importance are isolated which can not be settled by *rapporteurs* or steering comite, we plan to bring them to Chancellor's attention and he had indicated that he is willing to have as many meetings as are necessary to settle them.

There are several issues which are still unagreed tripartitely and UK element here now seems to attach less importance to conclusion of negotiations by Feb 2. It may be helpful in course of discussions with Churchill, [if] he were asked to send instructions to Kirkpatrick to press ahead all along the line.[2] We recognize there is still considerable to be done but are prepared to work straight through to meet deadline.

Section A.

The draft charter arbitration tribunal dated 20 [*21*] Dec shows substantial Allied-German agreement on all issues except Article IX (jurisdiction) and Article XI (powers).[3]

Parties agree that Article IX will be based on relevant provisions of Article IX of general agreement and of specific provisions of related conventions which may exclude particular matters from jurisdiction of tribunal. Definitive text of this article can only be prepared when related conventions have been completed.

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[1] Not printed; in it Byroade asked McCloy for his estimate of the status of the contractual relations negotiations including his forecast of where the talks would stand by the time of the next meeting of NATO at Lisbon in February 1952. (662A.00/12-2751)

[2] Documentation on Prime Minister Churchill's talks with President Truman at Washington in January 1952 is scheduled for publication in a subsequent volume of *Foreign Relations*.

[3] A copy of this draft, not printed, is in the CFM files, lot M-88, box 187, draft convention, charter of the arbitration tribunal.

Re Article XI.

Germans conceded if losing party fails to take measures necessary to rectify situation, as and within period specified by tribunal, tribunal may authorize winning party itself to take corresponding measures. However, it is not clear whether Germans would regard this language as empowering tribunal to authorize Allies to promulgate legislation. Should German del, as expected, object to this power, UK and US would prefer provision giving decrees of tribunal itself force of law. French would prefer Allies be authorized to promulgate legislation.

Language of para 4 Article XI, on annulling legislation or administrative acts will be reworded to make it clear that it applies only to acts taken in Fed Rep.

No agreement yet reached re power of tribunal to review judicial decisions. Solution depends partly on settlement reached in status agreement. Germans have been told Allies could not permit tribunal to quash verdicts of their courts-martial.

No tripartite agreement yet on question of capacity of one ally to act without consent of other two. UK awaiting new instructions our last proposal.

Section B. Acts and interests.

Agreement on acts, interest, etc. presents different problem. Several parts nearly completed in substance and form (e.g., internal restitution, excluding charter supreme restitution court; compensation for Nazi persecutees; external restitution; displaced persons; claims against Germany). Problems requiring some further negotiation remain in general provisions; material aid to Berlin and civil aviation. No meeting yet held on possible claims against foreign nations or nationals. This part now needs further tripartite discussion because of recent authorization to include waiver postwar claims with which we agree. Greatest difficulties with Germans appear in deconcentration, composition of supreme restitution court, reparation and foreign interests. Question of composition of restitution court, and of exemption UN nationals from Lastenausgleich to be presented to steering comite this Saturday for resolution of substantive points. While substantial progress made in negotiations on deconcentration and reparation, many obvious difficulties still remain which believe can be resolved by Jan 20, barring change in apparent German attitudes. Charter of arbitral commission on foreign interests to require time for completion. Believe we can properly hope for completion negotiations and drafting this entire agreement before end of Jan although British and French at *rapporteur* level informally estimate Feb 10.

Section C. Status Agreement.

US rep believes this 75 percent agreed on quantitative basis although several major questions not settled. These include:

(*a*) Whether status agreement applies to contingents of new powers later brought in or whether Germans may make separate agreements.
(*b*) Status of dependents with special reference their subjection to German criminal jurisdiction.
(*c*) Withdrawal of civil and criminal cases or substitution of arbitral appeal system.
(*d*) Solution of intelligence problems; Germans sympathetic to objectives but difficulty over adequate language in agreement which will be publicly debated and special difficulty over security arrest interrogation trials and protection of voluntary informers.
(*e*) Taxation on automobiles, consumable imports and of miscellaneous license taxes.
(*f*) Possible differences over new criminal legislation concerning offenses against security.
(*g*) Labor service companies.

Despite formidable appearance this foregoing list, Germans have been so cooperative in seeking solutions that we expect agreement at *rapporteur* or steering comite level on most of these problems, and probably solution at HICOM–Chancellor level although difficult to be sure about dependents, intelligence questions and withdrawal versus arbitration. In any event, we think this can be finalized at steering comite level during week of Jan 14 and any remaining questions referred that week to HICOM–Chancellor negotiations.

Section D. Rights of the Forces.

Originally part of logistics and financial support, now intended to be part of status convention and presently limited to enumeration of rights of forces in respect to accommodations, goods, services and labor, air facilities, communications, hunting and fishing, civilian services units and general rights. Draft delivered to Germans before Christmas[4] and we may receive their comments at meeting Jan 4. Since discussion in hands of those dealing with status of troops, we expect reasonable approach and do not presently anticipate great difficulty since procedure for implementation of these rights, under negotiation in financial contribution group, seem to offer more room for controversy than statement of rights themselves. This is subject to exception respecting radio frequencies. German attitudes toward procedural aspects may however adversely affect discussion on rights themselves.

One provision not presently set forth in our draft is that dealing with pre-emergency action and removing this from the arbitration procedure. This presents special problem which will probably have to be settled at HICOM–Chancellor level.

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[4] The draft under reference here has not been identified further.

While it is unsafe to project developments where discussion not even commenced, we see no reason why this should not be incorporated in the status agreement before Jan 26, subject to uncertainty concerning radio frequencies and the pre-emergency clause.

Section E. Financial Contribution.[5]

As further important meeting *rapporteur* group being held today, review this section will be telegraphed separately tomorrow.

Section F. Security safeguards.

According to info from Paris Schuman and Adenauer discussed this question.[6] They reached no conclusion but both seem to feel they can work out satisfactory solution acceptable to them and to both US and UK. Hallstein has said issue was largely formal since Germans did not expect or desire to produce any of weapons now under discussion. French are understood to be sending Poncet instructions to continue their talks with Chancellor keeping Kirkpatrick and myself informed. As French now seem prepared to adopt more reasonable attitude than previously I suggest we encourage these discussions and intervene only at latter stage if circumstances require. Poncet fully informed our position. I plan to discuss subject further with Chancellor tomorrow and shall report more fully as to results his Paris talks.

Section G. Miscellaneous.

War criminals—UK proposal (see Bonn's 863, Dec 24[7]) is latest suggestion for solution this difficult problem. British are convinced Germans can take custody without specific recognition of validity of sentences but further discussions have been postponed pending replies from US and French Govts.

Civil establishments—UK pressing for additional agreement providing for temporary support of civil establishments and retention of certain existing facilities in Fed Rep including consular and residence premises at rent scales to be agreed. French and ourselves have expressed willingness to discuss such convention with Germans.

McCloy

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[5] For further documentation on the negotiations concerning a German financial contribution to defense, see pp. 1647 ff.

[6] For a report on Adenauer's conversation with Schuman at the EDC Foreign Ministers meeting at Paris, December 27–30, see telegram 3868, December 29, p. 981.

[7] Not printed; it proposed that the Federal Republic take responsibility for the custody of war criminals and that the Federal Republic should be invited to appoint a representative to the clemency tribunal (662A.0026/12–2451).

CONCERN OF THE UNITED STATES WITH THE ECONOMIC SITUATION IN THE FEDERAL REPUBLIC OF GERMANY

ECA message files, lot 53 A 278, box 30, Paris Repto : Telegram

The United States Special Representative in Europe (Katz) to the Administrator for Economic Cooperation (Foster)[1]

SECRET PRIORITY PARIS, February 27, 1951—6 p. m.

Repto 915. For Foster and Bissell.

1. We have given much thought to problem of aid to FedRep in fiscal 50/51, and have great difficulty finding any valid basis giving further aid. Dollar area balance payments clearly does not justify allotment full Snoy/Marjolin share of $341 million. In addition, in our view, FedRep has failed take adequate corrective measures since November EPU crisis, and continuation ECA direct aid may be taken advantage of by Germans as means of avoiding facing up to measures necessary to correct their lax policy.

2. We are considering, therefore, following program which we set forth for your comments before developing with you final US position for presentation to FedRep authorities.

(*a*) We must suspend further direct ECA aid for this fiscal year; that is, we are not prepared provide aid beyond $270.1 million allotted to date. This is extension of our position that US will not provide additional dollar aid from special assistance fund with which to meet further gold payments to EPU.

(*b*) Although we should not instruct FedRep authorities on specific measures, we must make clear to them that we expect them to put their economic house in order with aim of living within their resources outside assistance. This must be related to their contribution to new Western defense effort and clearly traceable to such effort.

3. Background our thinking follows:

4. ECA re-examining basis aid before and this fiscal year and before S/M total reached in case of other PC's with particular reference to dollar balance of payments, dollar reserves and degree of effective self-help; and is taking firm position that further dollar aid will be related solely to direct and demonstrable indirect requirements arising out of building West defense. Although too early specifically to relate German position to their participation in West defense, we believe further dollar aid must be related to those actions Germany is in posi-

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[1] Repeated to Frankfurt for McCloy and Cattier.

tion to take which would support defense effort of US and other defense partners. Therefore, from now on, US economic aid to FedRep will have to be evaluated and administered on new basis analogous to new approach for other PC's. Clearly we are not justified discriminating in favor Germany and against others by excepting Germany from such considerations.

5. Without defining methods of getting US views across to FedRep Government as to what measures they should take in absence further US aid, believe action is necessary in following areas: (i) satisfactory measures to control imports from all sources so long as necessary; (ii) effective measures to stimulate exports, including establishment of D.O. priority system for goods needed by NAT countries, and introduction control measures to allocate imported and indigenous scarce raw materials toward export and essential investment and limit their use for domestic consumption, non-essential investment, export to east, or speculative purchases raw materials; (iii) such system of directing production to essential purposes to be undertaken within general framework of continued expansion total level FedRep production and continued absorption unemployed manpower in productive work. Believe this should be possible in view German capacities and potential large defense orders from other West countries.

6. Even if recent rise of exports to dollar area does not develop further, would seem hard to accept a legitimate deficit justifying full S/M allocation since we believe recent level FedRep imports unjustified by current needs of an economy unburdened by rearmament, but represents in too large part scramble to put any available resources into goods. FedRep must no longer be permitted such indiscriminate commodity stockpiling, speculation and increased consumption of other than basic commodities. As other PC's have been told, ECA dollar aid and scarce world commodities are not available as basis for stockpiling or other forms of speculative accumulation, nor can ECA aid any longer be permitted to provide basis for expanding consumption or investment unrelated to primary objective Western defense. (Berlin stockpile, of course a special case).

7. FedRep deficits with EPU and with dollar area are directly related. Admitting that recent relative good showing dollar area balance payments resulted in part from shifting procurement and deficit from dollar to EPU area, we do not want Germans to continue to escape needed corrective measures vis-à-vis EPU, by switching deficit back to dollar area. Control over German economy's excessive imports must now be attained by suspending outside (especially ECA) support from both EPU and dollar positions.

8. We agree that FedRep dollar reserves entirely inadequate. However, misuse made by FedRep of this year's unexpectedly good dollar exports and of EPU special credit does not engender confidence in

their ability to use wisely higher reserves if they had them. There are many factors involved in establishing exact US position in dealing with such case as Germany, involving relationship direct dollar aid to EPU deficits and surpluses and to changing levels dollar reserves. We expect discuss this thoroughly before reaching final decision, but major emphasis will have to be on legislative history governing criteria under which direct country aid can be given and justified to Congress.

9. Finally, our position on suspension program dollar aid remainder this fiscal year does not foreclose reconsideration if FedRep turns in satisfactory performance on type of action program outlined in paragraph 5 above. This would imply demonstration of a legitimate need for program funds to cover added dollar imports needed in support of the attainment of higher level of exports to Western defense nations. However, hard presently to see how effects of action even if taken will develop soon enough to justify further aid this FY.

10. Obviously, above general outline raises many difficult and as yet unsettled problems concerning US and HICOM attitude and position relative German economic system, controls, limitations production, et cetera. Propose confer with HICOG and mission on substance this telegram and develop jointly proposals covering US position on possible German action.

KATZ

ECA message files, lot 53 A 278, box 27, Frankfurt Toeca : Telegram

The United States High Commissioner for Germany (McCloy) to the Administrator for Economic Cooperation (Foster)[1]

SECRET FRANKFURT, February 27, 1951—2 a. m.

Toeca 208. Meeting with Bluecher, Cattier and staffs held February 21 at Bluecher's request. German's unquestionably very concerned future status their dollar aid as direct outcome last weeks discussion among Foster, Wood, McCloy, Cattier, Adenauer and other leading Federal Republic officials. Bluecher did not address himself to question of dollar aid remainder fiscal year 1951 but pointed to aid plus assurance of deliveries in first half of fiscal year 1952 as immediate problem. Bluecher submitted memorandum showing Federal Republic estimate of dollar aid requirements first and second quarters fiscal year 1952 summarized as follows: (following in million dollars).

First quarter: Dollar imports, minus 160; second quarter, minus 172; dollar exports, first quarter, 90; second quarter, 90; increase foreign exchange reserve: first quarter, minus 30; second quarter, minus 30; deficit (dollar aid required); first quarter, minus 100; second quarter, minus 112.

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[1] Repeated to Paris and to London for Spofford.

Cattier first stated no possibility exists Germans receiving dollar aid fiscal year 1951 in excess $341 million (original Snoy–Marjolin formula) and no assurance even this sum forthcoming. He then took opportunity to give Bluecher and staff straight forward presentation speaking off record as US taxpayer rather than mission chief. Remarks summarized as follows:

> "Future appropriation foreign assistance by US Congress will doubtless be guided almost exclusively by tangible evidence defense cooperation by recipient nations. Since Germany's role in western defense not expected to be clarified before Congressional appropriations for foreign aid made, indispensible that Germany take action to create climate whereby Congress and American people willing continue give Germany dollar aid. Such action would be of both direct and indirect nature. Direct action would be based on German capacity to pay in DM's and encompass payment occupation costs in amount required, support own military units, and provision of goods free to NATO countries. Not mentioned in meeting but would also include Federal Republic aid to Berlin. Indirect action would be limitation production of consumption goods and utilizing saved resources to expand production in sectors certain to be needed in western defense effort as well as accepting and insuring delivering against western defense orders now".

Bluecher obviously anticipated substance Cattier's remarks and outlined series of measures contemplated by Federal Republic. He stressed tax measures currently debated in Parliament and new tax and fiscal measures being prepared. Economic control law recently passed provides possibility issuance implementing ordinances prohibit use raw materials and semi-finished goods nonessential purposes and to establish priorities for essential orders.

Bluecher requested guidance in developing specific German program based on actual defense requirements which would create type of climate referred to by Cattier and stressed desire to initiate discussions immediately. Cattier agreed to appoint mission representatives to make joint study this situation. We can, of course, only give broadest kind of guidance. In this connection mission needs to point out to State/ECA/Washington we are rapidly moving out of phase where hypotheses concerning potential resources contribution, general political willingness, and gestures in field of administrative controls are especially useful. We will now continually be faced with requests for specific defense requirements which can be satisfied by specific orders with priority assistance where necessary. US policy based on withholding dollar aid for necessary imports until defense role clarified both by Federal Republic regulation and action will be an embarrassing and self-defeating policy unless we are provided now with guides concerning magnitude and type of anticipated requirements plus some concept of time periods during which the Germans are expected to satisfy these requirements. Otherwise there can be no basis for defense investment decisions, defense allocation, priority and price control decisions respecting materials flow and use. It would be dramatic action, for example, if Federal Republic cut back consumer durable production as a defense gesture. But how would facilities and manpower thus released be used for satisfying defense demand? Mission fully aware future dollar appropriations will be carefully scrutinized to ensure funds make direct contribution to defense potential of west. At same time we face dilemma here of helping Germans impress Congress with need and desirability continue provision dollar aid to Germany, without at same time being able give Germans responsible advice on action Germany could take. Your comments this paragraph requested soonest.

Germans were handed draft letter on step 2 approval DM 1,350 million (being air pouched OSR and ECA/Washington). Anticipate no alterations or very minor ones in signed copy to be despatched in few days. Although letter contained numerous conditions no strong reaction voiced by Bluecher. Implementing discussions to be held soon with Germans on program details.

Bluecher reported Cabinet decision to suspend liberalized free list for limited period in view of new EPU crisis but reiterated Federal Republic intention to continue liberalization and fulfill trade agreement obligations.

McCloy

ECA message files, lot 53 A 278, box 84, Paris Torep : Telegram

The Administrator for Economic Cooperation (Foster) to the Office of the United States Special Representative in Europe, at Paris [1]

SECRET WASHINGTON, March 1, 1951—9 p. m.

Torep 1438. Reference Repto 915, rptd Frankfort Repto 142.[2] Fol are our preliminary views policy proposed reftel:

1. Position appears discard criteria under which aid is and has been allotted without developing adequate substitute. Under these circumstances we wld not wish institute rigid policy withholding further allotments. We cld hardly deny aid on basis lack defense contribution since as pointed out Toeca 208 rptd Paris Torep 293 [3] this cld be self-defeating. Further FedRep has in effect been using this year's ECA aid to help pay EPU deficits indirectly. Possible that imbalances between Ger and OPC's may persist for some time and that this may not be undesirable trade pattern during early years rearmament effort.

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[1] This telegram was cleared by Deputy ECA Administrator Bissell, Assistant Administrator for Program Porter, and Hector Prud'homme, Director of the Office of German Economic Affairs; sent through the Embassy in Paris, and repeated to Frankfurt for McCloy and Cattier.

[2] Dated February 27, p. 1618.

[3] *Supra.*

2. Our projection Ger balance of payments with dollar area and EPU do not provide any hope that Ger can get by with aid figure of $270 million. Even if Gers take all necessary measures to bring payments situation under control, we feel she will require at least full S/M aid and perhaps more.

3. We agree wholeheartedly ur criticism FedRep failure to carry through pledges made to MB and concur view that further allotments shld not be made until Gers take positive steps to minimize EPU deficit. Hope we can accept MB recommendations as condition for further aid. However, if these recommendations appear inadequate we must step in ourselves and lay down our own conditions.

3[*sic*]. While our immediate aim is to bring the German payments position more nearly into equilibrium, we must also (*a*) increase Ger defense production as rapidly as possible, and (*b*) avoid complete breakdown of trade liberalization. We must therefore avoid such measures as wld increased unemployment and hamper Ger production through lack imported raw materials, or which wld through chain reaction cause complete abandonment liberalization. This will require careful balancing of additional aid and the need for additional production against the urgent necessity of taking drastic measures to reduce the EPU deficit.

4. Bissell, Porter and Prud'homme discussed Ger EPU crisis with Stikker and Marjolin Wed. Stikker stressed special dangers of situation to Neth and expressed fear that any permanent abandonment by Ger of trade liberalization might cause chain reaction throughout Eur which wld not only cause abandonment of liberalization but which wld seriously affect defense efforts of NATO countries.

5. Awaiting Mission's comments.

FOSTER

ECA message files, lot 53 A 278, box 27, Frankfurt Toeca : Telegram

The United States High Commissioner for Germany (McCloy) to the Office of the United States Special Representative in Europe, at Paris[1]

SECRET PRIORITY FRANKFURT, March 7, 1951—5 p.m.

Torep 240. To OSR for Katz. Reference Department Repto 915, repeated Frankfort Repto 142.[2]

1. I feel that the utility of continuing economic aid to Western Germany needs to be examined in relation to broadest US foreign policy objectives rather than in connection with the new and considerably narrowed criteria indicated by reftel. In his report to the President on

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[1] Repeated to Washington as Toeca 244 for Acheson and Foster. This telegram was transmitted in three sections.

[2] Dated February 27, p. 1618.

foreign economic policies, Mr. Gordon Gray doubted that the attainment of our foreign policy objectives ". . . requires much more than foreign economic measures which by themselves cannot be effective. It requires adequate military defensive strength, sound political and diplomatic policies, a forceful informational program and the continual strengthening of our own economy." The President, in endorsing the Gray report reinforced the declaration that: "The objective of our foreign policy has been and is to encourage among the nations of the free world those economic conditions and relationships essential for the development of stable democratic societies willing and able to defend themselves and raise the living standards of their peoples." [3]

2. To adopt and implement the proposed criteria by suddenly terminating aid to West Germany would, in my view, constitute an administrative change which would seriously negate the thus far relatively successful administration of economic aid to West Germany under the policies in section 102 (*a*) (*b*) of the Economic Cooperation Act of 1948, as amended. During the crucial transition period, this proposal would, in effect, cancel recognition of economic recovery success under the old policies and would prejudice the defense role of West Germany under policies yet to be finalized. It would also diminish the chances of achieving a balanced and integrated politico-economic foreign policy vis-à-vis West Germany's role in the west defense complex and would create considerable and obvious difficulties for the US position in the coming Foreign Ministers conference.[4]

3. It is my own view that within framework of existing aid program we should use our influence to secure best economic defense posture for West Germany, leading up to the time when formal participation is assured. This has certainly been the sense of the US position in NATO and in PLI discussions.[5] From this it follows that proposed legislation should not preclude West Germany from eligibility for aid in order that we may secure highest levels of economic activity of largest industrial nation in West Europe in preparation for full defense participation. In this connection it should not be difficult to demonstrate that Germany is now, in fact, making real resources contribution in forms of logistic support for the occupation forces; of coal exports to NATO countries over and above what she would export as a sovereign state, thereby diminishing her own export of finished goods exports to NATO participants.

4. If the basic policy is given that economic aid is an integral part of broader objectives of US foreign policy, then I can see practicality

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[3] For documentation on Gordon Gray's report to President Truman concerning foreign economic policy, see *Foreign Relations*, 1950, vol. I, pp. 831 ff.

[4] For documentation on the Four-Power Exploratory Talks at Paris, March–June, see pp. 1086 ff.

[5] For documentation on the revision of the Prohibited and Limited Industries Agreement, see pp. 1344 ff.

of using principle of continued eligibility to attempt to secure from FedRep necessary adjustments in economic policy which are compatible with changing dollar aid and materials supply policies; and which are also compatible with present stages of political negotiation. But if this basic policy cannot be taken as established then the US position in Germany obviously becomes anomalous and needs to be redefined. It is on this understanding of our policy that I have today sent a letter to Chancellor Adenauer[6] stressing that the present payments crisis, the growing materials shortages, and the shifting criteria for dollar aid, require that the FedRep take the necessary credit measures and take immediate administrative corrective action in the fields of import priorities, internal allocation and priorities of materials in short supply, export priorities to essential NATO users, and effective priority for logistical support of our occupation forces. I have informed the Chancellor that "unless immediate measures are taken along these suggested lines, I can see little prospect that the Government of the United States can be persuaded to continue dollar aid or to assist the Federal Government in obtaining actual deliveries of essential materials and commodities".

5. If this communication induces positive results, I must be in a position to ensure full amount of aid for FY 50/51 as well as eligibility for aid during FY 51/52. If the results are wholly negative and it is decided to diminish aid figure, we still need to ensure that sufficient aid and supplies are continued to avert food crisis. This will be discussed by Fraser in Washington.

6. Aside from the problem of defense criteria suggested by reference telegram, I cannot agree with many of its economic generalizations as related to West Germany's present situation. Key to maximization German contribution is continuation and acceleration industrial expansion and export. Present time is most critical with respect industrial development. German production only began to rise to significant levels during 1950, thus lagging two years behind other major PC's. West German production index rose from 92.5 in first quarter 1950 to 130 in November (1936 as 100) compared with UK 140 to 150, and France 111 to 122 (1938 as 100) in same period. Apart from seasonal factors, which resulted in reduction index in December and January, maintenance of German production still not secure. West German economy dependent on food and raw material imports to exceptional degree, lacking DOT's or sterling type of arrangement as source of imports and currency earnings. Aside from all other factors, I consider curtailment aid and consequent reduction imports at this time would entail serious risk of slump when essential indirect defense items first beginning to be exported in large volume. The major effect of such a slump would not be felt now, since additional aid in 1950/

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[6] Not printed.

51 can have little immediate effect on industrial development but rather on 1951/52 when Germany will undoubtedly begin to make a defense contribution as such. The depressive effects on the German economy during this period would be intensified by the restrictive actions likely considered necessary by the Central Bank. A more detailed analysis of this and other issues is being airgrammed.

7. German trade and payments position has likewise reached critical point now. Underlying causes current payments difficulties are: (*a*) Switch from dollar to non-dollar procurement; (*b*) Worsening of terms of trade since Korea; (*c*) More rapid and effective liberalization than EPU trading partners. Last factor largely responsible for 1949/50 payments difficulties, but carry-over remains, since amortization payments necessitated in 1950/51 and beyond.

8. Switch in German procurement from dollar to non-dollar, primarily EPU, has been most effective. Percentage total imports obtained from dollar area has dropped from 35 in 1949/50 to estimated 19 in 1950/51, while imports EPU area rose from 56 to 67. This shift has resulted in translation of major dollar deficit to major EPU deficit. As noted in the revised balance of payments forecasts 1950/51 airpouched March 2, net current balance with dollar area minus $170 million, with EPU area minus $494 million, latter requiring payments to EPU $202 million. German performance shifting procurement from dollar area recognized paragraph 7 reference telegram and I concur with OSR that we do not want Germans switch deficit back to dollar area. Recognition that dollar payments to EPU constitute part of dollar deficit and adjusting aid on this basis would give due recognition to German success in shifting procurement from dollar area and would prevent procurement reversal.

9. Dollar-wise, the worsening of Germany's terms of trade most important factor contributing to current payments difficulties. This relative price increase obviously unforeseen at the time program developed factor and over which Federal Republic could exercise no control and has resulted in increase of deficit equivalent to roughly 10% of total imports or $340 million. Before Korea imports were beginning to catch up with exports and prospects were good foreign trade balance at low level; after Korea imports rose more quickly than exports as result of price rises and as West Germany entered new phase of greatly expanded economic activity. Therefore overall balancing of German payments has probably been delayed an additional year. In addition to normal lag between price rises of manufactured goods, which Germany exports, and raw materials, which Germany imports, a growing proportion of German exports consist of items such as machinery where prices are set well in advance of delivery. It will be several months, therefore, before the gap between import and export prices is narrowed. Unless sufficient aid is made available to bridge the gap, we

feel payments balance will be delayed a second additional year and total aid required for three-year period beginning 1950/51 would be $375 million greater.

10. Paragraph 6 reference telegram refers to indiscriminate commodity stockpiling and luxury consumption, charges frequently leveled against West Germany. While lack of inventory data precludes accurate determination extent, if any, of stockpiling, analysis available information does not support this charge. Stocks of imported iron ore, for example, [fell?] 11% in 1950, but in fourth quarter consumption was 19% above 1950 average. Scrap stocks fell 23% in 1950, reducing supply ferrous metallics by 400,000 tons. Much of the dollar increase in imports, as noted in paragraph 9 reflects price increases. If this factor is taken into account, imports have increased in line with production, with the exception of some non-ferrous metals whose total volume is relatively insignificant. If dollar resources were available, a much larger volume of imports could be justified to support the expected growth in industrial output.

11. To date funds allocated covering entire recommended FY 1951 sugar program for 175,000 tons but 557,000 tons breadgrains and 366,010 tons coarse grains still remain. Federal Republic has now pledged all measures recommended by me to provide maximum self-help to assist in solving imminent breadgrain crisis. Adenauer has increased grain prices sufficiently to expedite farm deliveries, reduce farm stocks, limit non-essential industrial use and has also increased flour extraction rate to level requested. These measures taken, although increase in bread price is very unpopular. These and other measures under way demonstrate rapidly growing awareness of Federal Republic of necessity establishing controls. Unfortunately even though these measures alleviate supply position, in view new EPU crisis, world supply outlooks, transportation difficulties, et cetera. Federal Republic must receive balance of approximately $72 million to cover balance recommended grain programs. We estimate even with balance being allotted Federal Republic breadgrain stocks end year will be at least 200,000–300,000 below last year's highly undesirable level but expected heavy ECA arrivals July–September will assure farmers of reasonable supplies and prices during year and will create over-all outlook which will increase farm deliveries and prevent hoarding for speculation.

12. There is certainly basis for the contention that consumption of luxury items has increased. Imports of tropical fruits, vegetables, etc., have risen while imports of breadgrains have fallen in 1950. This spirit resulted from liberalization and served to improve both quantity and quality of German diet, which still lags behind other major West European countries in relation to prewar. International comparisons of per capita income and consumption are difficult to make, but examination of UN data for the other West European countries shows

that per capita income had exceeded prewar levels at 1948 in all countries but Germany and Italy. By 1949/50 it is fairly certain that other countries had reached or surpassed prewar per capita consumption. Germany's consumption per capita in 1949/50, on the other hand, was about 90 percent of 1936, and 75 percent to 80 percent of 1938. By the end of 1950, it had probably reached 95 percent of 1936.

It is my view that consumption must continue to rise in the next years partly because of the incentive factor and partly because governmental policy should tend to maintain present workers wage levels, increase disposable income of presently unemployed, and scale down consumption upper income groups. This would spread consumption pattern more equitably but would result in total rise of between 5 and 7 percent by 1952/53.

13. To date Germany has received $270.1 million aid, consisting (*a*) $250.6 million regular allotment, (*b*) $8.2 million Yugoslav wheat and (*c*) $11.3 million GARIOA transfers. In light of foregoing paragraphs, it is my considered judgement that total 1950/51 aid of $385.7 million be granted to Germany, made up of (*b*) and (*c*) above, $341.2 million S/M, and $25.0 million which I pledged on basis agreement reached with OSR and ECA/W in lieu of granting Germany initial EPU position and because of impossibility solving problem of drawing rights. In terms of revised balance payments estimates, this would involve increasing German reserves by $62 million while curtailment further aid would decrease reserves by $33 million. Federal Republic reserves $170 million June 30, 1950 and $168 million February 27, 1951. Paragraph 8 reference telegram agrees Federal Republic dollar reserves entirely inadequate now; further reduction $50 million could be seriously depressive and result in completely inflexible import program geared to dollar quotas imposed by exchange shortages rather than by industrial needs for defense program. Use of ECA aid concurrently to build dollar reserves not wholly without precedent. UK (sterling area) reserves rose by $400 million while receiving ECA aid from June 30 to September 30, 1950. French reserves, unchanged during same period, over $500 million. German reserves $170 million only 2.5 per cent current annual trade volume, the lowest of any major nation.

14. It seems to me that in the immediate instance the really pertinent question is this: Will the interests of US foreign policy and of western defense be better served by keeping the ECA allotment and maintaining the principle of continued German eligibility for aid or by cancelling them. In my view the answer is unequivocal. Given the present difficulties with the grain supply and the EPU crisis; given the impact of an increased occupation budget, the climaxing phase of Schuman Plan negotiations,[7] the approaching Foreign Min-

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[7] For documentation on the Schuman Plan, see volume IV.

isters conference, and the complex divergences in German public opinion respecting defense participation, a cancellation of the ECA allotment and an undermining of the principle of future aid eligibility would seriously jeopardize the objective of US policy to "encourage those economic conditions and relationships essential for the development of a stable democratic society willing and able to defend itself and raise the living standard of its people."

McCloy

ECA message files, lot 53 A 278, box 78, Frankfurt Ecato : Telegram

The Administrator for Economic Cooperation (Foster) to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET WASHINGTON, March 19, 1951—5 p. m.

Ecato 279. 1. This joint State/ECA message gives background on our approach to problem of Ger contribution to defense raised in para 6 Toeca 208, rptd Paris Torep 293, London 597.[2]

2. Nothing in this message of course is intended to propose placing of military end item orders in Ger which would contravene provisions or procedures of revised PLI agreement.[3]

3. On contribution to defense ECA/W and State fully agree desirability coming forward with "specific defense requirements" soonest. However, this will still take some time as this task not yet done for NATO countries. Problem receiving attention in number of grps and comites in Wash., London and Paris.

4. Ger contribution to defense can be approached in two ways. First, there is question of amount of contribution to defense which is to be financed from public funds appropriated by Ger Govt. Second, there is question of how much production should be obtained from Ger facilities and resources for purpose strengthening Western European defenses, irrespective of whether financing is by Ger Govt or by purchase from outside Ger.

5. First, as to how we arrive at amount and composition of Ger financial contribution to defense. Ger situation is unlike that of other Western European countries because there will be stationed in Ger large number of foreign troops provided with their own matériel and supplies. Ger is only country where direct govt financial contribution will largely go to finance services such as use of realty, transportation and communication facilities, repair shops, labor, etc., rather than to pay for materials and manufactures produced for defense. However

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[1] Repeated to London for Spofford and Batt, and to Paris for Reinstein.

[2] Dated February 27, p. 1620.

[3] For documentation on the revision of the Prohibited and Limited Industries Agreement, see pp. 1344 ff.

Ger can manufacture larger volume for defense even though not able pay for it out of govt budget.

6. Financing services and other supporting activities for Allied troops out of public funds now takes form of occupation costs. When Ger participates militarily in defense arrangements, financing will continue out of public funds in form of contribution under contractual arrangement, with proviso that support of Ger troops will take precedence over support of other NATO troops if contribution not sufficient to cover all requirements. Total amount Ger contribution will presumably be arrived at on formula comparable to that applied to other NATO countries. We place great importance on Ger Govt contributing 8 or 9% of GNP (roughly 8 or 9 billion DM) in FY 1952 which we estimate wld probably cover total support of NATO troops and Ger troops and leave in addition some amount to be used by Govt to finance provision of commodities and manufactures from Ger as a contribution to NATO military effort. However, contribution from Ger public funds will not cover as large defense production as Ger plant and manpower are capable of. On other hand, Ger support NATO forces is "tangible evidence" that Ger economy is supporting defense effort. Since this form of support places comparatively smaller burden on Ger industry than on industries of NATO powers, Ger will physically be able make industrial contribution addition to support of troops.

7. In Tocca 208, you suggest that in order to convert Ger industry into production for defense, it is incumbent on us to come forward with specific defense orders and a long range program. In view situation described Para 3, it is too early at present time to expect substantial orders for military end products to be placed in Ger by other Govts. However, it is our impression that substantial defense orders (other than military end items) are being placed in Ger through commercial channels, and that as you said to Adenauer some of these orders are going begging or at best are accepted with long deferred delivery dates. Immediate problem therefore is not only to stimulate placement of military end item orders but also to identify present defense orders and assign to them suitable priority.

8. Following are reasons why presently difficult to discern pattern of requirements being made or to be made upon Ger in terms of specific orders. In past few months, implementation of programs based upon definition of requirements and exploration of production possibilities abroad has been delayed by difficulties attending fiscal aspects of procurement. In this process Ger has been left aside for following reasons: (*a*) govt budgets had not been recast to take care of financing orders in Ger: (*b*) PLI Agmt appeared to limit drastically ability Ger to accept orders for military end items and certain other non-military defense items, even if funds are available; (*c*) lack of assur-

ance of prompt delivery by Ger producers discouraged placement of orders for defense items.

In our view combination imminent revision of PLI Agmt and prompt estab in Ger adequate priorities system will not only increase flow of defense orders handled through normal commercial channels, but also will permit placing of increasing amounts of orders by Govts. In line with policy stated Todep 303 rptd Paris to OSR 4806[4] which we are repeating to you for information, we have initiated discussions with Defense looking toward possibility switching portion of MDAP end-items programs from US to Ger production and as parallel effort emphasizing importance of stressing in DPB and thru US elements in various NATO capitals placement Eur defense orders in Ger where appropriate.

9. Matter of Congressional presentation for FY52 aid in connection with above will be subject separate cable. In general justification U.S. aid which would be submitted Congress prior Ger military participation defense would in addition to other factors of political and economic nature i.e. Berlin etc. be based on provision in national budget of 8 or 9 billion DM and institution suitable administrative arrangements i.e. a system of priorities and allocations which will serve as evidence Ger willingness to join effectively in defense production effort. Fact that even if there were no defense requirement for immediate future Ger needs such a system to (1) support claims for imports of scarce and critical materials under internatl allocations and (2) to provide method of increasing exports as part of program of alleviating current payments crisis, should strengthen your bargaining position vis-à-vis Gers in obtaining such suitable administrative arrangements.

10. In a separate message which we expect to have completed and cleared soon we will give you results of extensive discussions and specific comments on question priority for NATO country defense orders designed to help you implement proposal to Federal Government reported in Toeca 247 repeated Paris Torep 242.[5] This very com-

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[4] Not printed.

[5] Not printed. The proposal asked the Federal Republic

"(1) To establish internal allocations and priorities regulations for commodities in short supply and for the channelling of imported strategic materials into industrial sectors which are clearly useful for defense exports;

(2) To establish a priority system for essential imports. This can be done and still maintain trade liberalization at a lower level;

(3) To establish a priority system for defense type exports to NATO countries, since I understand that increasing numbers of export orders are being refused or deliveries delayed in order to satisfy internal demand;

(4) To utilize the allocations and priorities system for the purpose of satisfying mandatory occupation requirements. In this connection, I need to point out that the US Occupation Forces are experiencing considerable difficulty in satisfying many of their essential requirements, and;

(5) To enforce strictly the necessary credit restrictions and to place the granting of bank credits on a far more selective basis than heretofore to ensure that essential investment and production are accommodated." (ECA message files, lot 53 A 278, box 27, Frankfurt Toeca)

For the text of the separate message under reference, see ECA message files, Ecato 315, March 27, lot 53 A 278, box 78.

plicated problem which might involve policy decisions concerning NATO relationships has been under active consideration here for the past week.

11. In conclusion, we therefore endorse your efforts to press Ger Govt for adequate financial contribution, on one hand, and for adequate administrative arrangements, to bring about optimum physical contribution on other.

FOSTER

ECA message files, lot 53 A 278, box 78, Frankfurt Ecato : Telegram

The Acting Administrator for Economic Cooperation (Bissell) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, April 11, 1951—8 p. m.

Ecato 380. Reference Frankfurt Toeca 244 rptd Torep 240.[2]

1. Appreciate analysis present and prospective Ger economic situation and its relation to broader political and defense objectives. There appears to be agreement on necessity coordinating action on aid and specific economic and financial issues with general U.S. foreign policy objectives during negotiations now being carried forward with Gers. This cable represents our thinking on ends we wld like to see achieved in Ger during coming year and means necessary to ensure accomplishment these ends with minimum disruption to economy and with equitable distribution burden among Gers. Approach also represents basis on which we preparing aid estimates and on which they will be justified Congress.

2. We start from assumption that shortly after 1 July 1951 Gers and HICOM will have agreed on contractual arrangements to replace occupation statute and Gers will have voluntarily associated themselves in European defense.[3] Further that all U.S. funds available for foreign aid will be incorporated in single bill and directed toward single purpose, i.e., increasing defensive strength of free world.

3. Our principal economic objectives in Ger in the coming year are the following in order of priority:

a. Expansion of defense contribution to neighborhood of DM 9 billion, including (1) costs of raising, equipping and maintaining Ger forces, (2) goods and services supplied to NATO forces stationed in Ger, and (3) value of Ger exports of mil equipment or other defense supplies made available without costs to NATO members. In spite of anticipated Ger insistence, we shld maintain position that defense contribution not include such expenditures as aid to Berlin, refugees and rehabilitation of housing. In presentation to Congress, important that concept of "defense" not be adulterated by considerations peculiar individual countries since this wld result in unmanageable and largely meaningless concept. This does not, of course, mean that such problems will be ignored either in use internal resources or distribution of aid.

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[1] This telegram was cleared by Bissell, Porter, and George R. Jacobs of the Office of German Affairs and was repeated to Paris. It was transmitted in two parts: the first, Ecato 380, consisted of numbered paragraphs 1–3; the second, Ecato 381, consisted of the remainder of the text.

[2] Dated March 7, p. 1623.

[3] For documentation on the negotiations between the three Western powers and the Federal Republic concerning contractual arrangements, see pp. 1446 ff.

b. Expansion in real terms of GNP by 9% and exports by one-third over 1950/51 level to permit Germany to aid in rearming NATO members and at same time achieve greater payments equilibrium. Ger can and shld manufacture and export far more than she herself can finance without permanently restricting imports. Production and export for defense shld be facilitated, and civilian consumption scarce materials restricted.

c. Expansion of GNP in Berlin by 18% to absorb unemployed and reduce necessity outside aid.

4. Program this magnitude cannot be carried out without economic changes, and general outlines of action required by Ger goverment are clear. Increase in defense contribution requires heavy tax increases and perhaps some reduction in other gov't expenditures. Expansion GNP requires continued high rate and greater selectivity in investment, and increase exports implies containing internal demand while channelling production to foreign markets. Support Berlin will necessitate diversion resources otherwise available to Western Ger. As a whole, program will involve some reduction in relative ability satisfy immediate consumption demands.

5. For its part, U.S. ready grant dollar aid indicated on B/P grounds if program objectives to be achieved. As reported previous cables, $382.8 million tentatively programmed for FY 1951, including provision for dollar payments to EPU. Although FY 1952 request not yet fixed, we are tentatively figuring on deficit with dollar area in neighborhood of $170 million not including special provisions necessary to finance greatly reduced EPU deficit. Although dollar aid this magnitude will not and is not intended to buy Ger cooperation, it provides evidence that U.S. willing assume its share of responsibility for impact defense participation on B/P.

6. While defense program has over-riding priority, steps taken by Gers shld not be such as to jeopardize legitimate hopes of some sectors of population to improved economic status. We wld expect, for example, new tax measures to reverse regressive tax tendency in Ger. Also, though general increase production shld provide employment and housing for additional refugees, special attention shld be reserved for this group.

7. Our feeling is that negotiations with Gers over next few months shld proceed on broadest possible basis, avoiding arguments over issues

unrelated to central theme outlined preceding paras. Gers shld be reminded on every occasion that U.S. interested in certain specific objectives which require definite action program, that measures we believe they shld take are designed to meet their own needs as part of Western world and that in recommending aid we will take into account their performance and drains on their resources.[4]

BISSELL

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[4] At this point in the source text the following paragraph was deleted before transmission to Frankfurt:

"There are a whole series of pressures and types of pressures we can apply and we shld continue to choose course of action most appropriate in circumstances without losing sight of general course. We must use threats and promises with greatest caution keeping our approach to a given problem in proportion to problem."

ECA message files, lot 53 A 278, box 27, Frankfurt Toeca : Telegram

The United States High Commissioner for Germany (McCloy) to the Administrator for Economic Cooperation (Foster)[1]

SECRET PRIORITY FRANKFURT, June 6, 1951—10 p. m.

Toeca 551. Re: Our despatch 2919 March 13, 1951 ourtel to ECA/W 541 June 2, 1951.[2] Subj: Recent trends in FedRep fiscal policies and relation to defense contribution.

1. Since Dec FinMin has pressed reluctant Parliament for new taxes to finance increased social and admin costs and, specifically, costs external security, mainly occupation. As result, FinMin secured new legis providing increased revenues from foll taxes: (*a*) Berlin aid, (*b*) petroleum products and (*c*) customs (by shift specific to ad valorem tariffs effective Oct). He has prepared draft law providing for increased taxes on: (*a*) corporations, (*b*) income and (*c*) transactions (turnover tax). These proposed measures held up pending agreement between Bundestag and Bundesrat. Comprehensive luxury tax legis was also drafted but subsequently dropped in favor token measure we calculate will raise only DM 50 million.

2. This development unfavorable our viewpoint since we hoped for enactment entire FinMin program and willingness FedRep attempt raise more revenue to finance defense contribution which was predicated on a figure higher than present level of occupation costs. While optimistic over prospects enactment his program as late as March, FinMin now says no further tax increases beyond draft laws still to be agreed by Parliament (see above). Resulting revenue increases will be used for 25 percent increase in pensions and probable 20–25 percent

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[1] Repeated to London and Paris.

[2] Neither printed.

increase in salaries civil servants, (actually already raised 15 percent by admin order effective April 1). Govt accepted pension increase under pressure all parties and civil servants threaten strike obtain remainder of salary increase demanded.

3. We think inability govt to secure enactment complete tax program and prevent increased welfare and admin expenditures directly related to opposition financing higher occupation costs in absence agreement on Germany's role in Western defense system. Attitude of Parliament underwent pronounced change in April, when considered 1950-51 occupation costs budget plan and Carlo Schmidt (SPD) led attack, joined by spokesmen all parties, on (*a*) continued occupation costs arbitrarily imposed, (*b*) delay in achieving greater degree sovereignty for Ger and (*c*) asked why portion of occupation costs arising from Western defense shld not be financed from central fund provided by all participating countries.

4. Subsequently, pressure from all parties has forced govt to reconsider new level and components of occupation costs. A clear indication of change in govt position demonstrated by Schaeffer, in FinCom mtg May 29, who stated (*a*) no further tax increases beyond those already scheduled, (*b*) expenditures social welfare will be raised and (*c*) only 5 billion of occupation cost budget fiscal '52 can be financed from ordinary budget and balance cash requirements, will be financed thru extraordinary budget by public loans or Central Bank credit. (Reasons for placing balance in extraordinary budget was that this represented capital expenditures).

5. Unwillingness of govt to increase revenue beyond that provided in pending legis and to suppress increased nondefense expenditures weakens possibility obtaining satisfactory defense contribution. Total expenditures Federal, *laender* and local already nearing 30 percent of GNP and thus rigidities being created which lessen possibility increasing revenue for defense.

6. We think that the only development that would bring about a basic change in present govt fiscal policies would be conclusion of understanding on the role Germany in Western defense and on the magnitude and composition of a defense contribution.

7. Detailed revised estimates combined budgets going forward soonest.

McCloy

ECA message files, lot 53 A 278, box 79, Frankfurt Ecato: Telegram

The Administrator for Economic Cooperation (Foster) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, June 22, 1951—9 p. m.

Ecato 668. Reference: *a*) Toeca 551, rptd Paris Torep 537, *b*) Toeca 611, rptd Paris Torep 590.[2] Agree that reluctance FedRep increase taxes and resist increasing admin and welfare expenditures weakens possibility obtaining satisfactory defense contribution. Not sure, however, that clarification Ger defense role would bring about basic change this trend.

Regardless of Ger's status, question of equitable contribution to defense effort will arise. Resistance to occupation costs expected, but even after contractual relations Ger shld provide in substantial measure internal support for Allied troops stationed there, in addition to own forces.

Thus, establishment of a budget pattern rigid with non-essential expenditures wld jeopardize prospect of adequate contribution, and as result whole concept burden sharing, not only in FY 52 but in future also. Realize it is difficult for FedRep to resist present political pressures for increased nonessential spending. However, if Ger is to play proper part in Western defense, these non-defense expenditures wld any event ultimately require relative reduction favor defense expenditures with consequent greater political pressures to be faced.

Suggest, therefore, that you continue to exert maximum pressure on FedRep to increase taxes and decrease non-essentials.

In discussions with FedRep you shld re-emphasize:

(1) FedRep asked for increases Allied troop strength
(2) All countries will have to forego additional non-essential expenditures favor defense. Recent discussion over U.K. budget prime example.[3]

We not optimistic that your best effort this direction wld prevail in changing situation. However, in addition to importance precedent for future years of obtaining satisfactory defense contribution now, you aware that aid justification based in part on assumption defense contribution of DM 9 bil magnitude. In view fiscal situation outlined reftels (*a*) and (*b*) can we realistically continue to think in terms this level? Pls comment soonest.

Separate cable follows discussing reftel (*b*) at greater length.

FOSTER

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[1] Repeated to Paris.
[2] Toeca 551, *supra*; Toeca 611, not printed.
[3] For documentation concerning the size and presentation of the British defense budget, see volume IV.

ECA message files, lot 53 A 278, box 78, Frankfurt Ecato : Telegram

The Administrator for Economic Cooperation (Foster) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY WASHINGTON, July 26, 1951—2 p. m.

Reference
- (a) Frankfort Toeca 551, rptd Paris Torep 537.
- (b) Frankfort Toeca 611, rptd Paris Torep 590.
- (c) Washington Ecato 668, rptd Paris Torep 4358.
- (d) Paris Repto 3133.
- (e) Frankfort Toeca 650, rptd Paris 1070, London 948.
- (f) Frankfort Toeca 668, rptd Paris 652, London 9.
- (g) Frankfort Toeca 682, rptd Paris 669, London 18.[2]

Ecato 799. This is a joint ECA–State Cable.

1. Seriously concerned both immediate and long range implications reftels. Immediate problem of substantial deficit financing raised by difference between possibility DM 8–8.5 billion occupation costs reported Toeca 682 and DM 5 billion as maximum defense contribution from tax revenue reported Toeca 650. When occupation costs replaced by contractual arrangement and Germans join Western defense, situation greatly complicated by additional factors, i.e., military assistance and costs of German troops. Accordingly, believe necessary map out with precision our strategy and tactics in negotiating amount German defense contribution.

2. Our position on Ger contribution shld in our opinion contain fol principles:

(*a*) Support of any Fed/Rep forces will be first charge against Ger contribution, as stated in next last para Deptel 5726 Feb 20.[3]

(*b*) Agreement on defense contribution shld provide that amount will be determined by formula agreed among NATO countries, when and if such action is taken. In absence NATO-wide formula, will need special formula for contractual relations. Formula shld be sufficiently specific so that it covers not only the DM 9 billion contribution which we hope to obtain Ger agreement for during current fiscal year but also the higher contribution which we expect Ger to make in next fiscal year and similarly thereafter. If we give up right to obtain occupation costs under reserve power, it will be necessary to find formula which obligates Ger to contribute fairly specific amount. We will cable our views as to how formula shld be expressed after study here. In meantime wld appreciate your views.

(*c*) To extent that contribution fails wholly to cover agreed costs of Fed/Rep forces and of Allied forces stationed in Ger, Allies will be obliged to make other arrangements for covering difference between Ger contribution and total costs of their forces.

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[1] This telegram, which was repeated to Paris, was transmitted in two parts: the first, Ecato 799, consisted of paragraphs 1–3; the second, Ecato 800, consisted of the remainder of the text.

[2] Telegrams Toeca 551, p. 1634 and Ecato 668, *supra*; the remaining telegrams are not printed.

[3] Not printed.

3. It is apparent from above principles that Allies will be committed to at least contingent liability for pay-as-you-go in Ger, to extent that Ger contribution fails to meet combined cost support of Ger and Allied troops. In our view this problem may at later stage become critical in contractual negotiations with Gers. Fr have made abundantly clear in talks in Wash and elsewhere their Bonn position reported para 3 Toeca 611 rptd Paris Torep 590, London 908 that they do not "remotely envisage possibility direct payment occupation costs by Allies". We have similarly found no disposition in Exec Branch nor in Congress at present time for pay-as-you-go in Ger which wld result in undue accumulation dollar reserve.

3. [*sic*] Exec Branch has submitted no appropriation requests to Congress to cover any payments for pay-as-you-go during this fiscal year. Based on reaction of Congress to arrangement in Austria when US forces on pay-as-you-go basis, whereas Fr and Brit are still supported by occupation costs, believe it wld not be feasible obtain Congressional support for payments by US toward support US forces on different basis than UK and Fr. In order to work out solution this problem in Wash and with Brit and Fr we will need firmer figures and assumptions on cost of establishing Ger troops than we now have.

4. Same considerations appear to apply to discussions with Fed Govt. It wld in any event appear premature to expect Fed Govt to submit to Bundestag fiscal and econ program designed to support milit contribution which Fed Govt not as yet committed to make. We are primarily interested in obtaining Ger adherence to Western defense arrangements as rapidly as possible. Premature discussion by Bundestag of financial sacrifices involved therein might be prejudicial. Discussions with Exec Branch of Fed Govt however in anticipation successful completion polit and milit negots wld appear desirable at some appropriate stage. It wld seem necessary to have more definite terms of reference for econ financial exports than now exist before such talks cld be useful. In particular, wld appear desirable obtain relatively firm assumptions referred to in preceding para on size and form Ger milit contribution which cld then be translated into costs to be defrayed by Fed Govt or to be otherwise financed.

5. We agree Toeca 682 and Repto 3133 we shld continue to use DM 9 billion in Congressional presentation as target for Ger defense contribution.

6. We recognize that it may be unavailing to bring pressure on Fed Govt in present polit climate to secure adoption by Bundestag of desirable fiscal and econ measures. Whether we will be more successful after Ger joins defense apparatus is open to conjecture. We believe you shld nevertheless continue to impress upon Exec Branch Fed

Govt necessity for realistic program and to make clear that U.S. help will be dependent in large part on Ger action. Tenor hearings to date indicate acute Congressional concern with reluctance Europe bear full share defense burden.

7. Under circumstances reluctant extend econ aid to Germany on terms outright grant. Entire question econ assistance, mil assistance and Ger contribution must be looked upon as a whole. Might therefore be desirable to keep string on aid now being extended until strategy and tactics for handling defense contribution clearer.

8. Various alternatives for handling immediate aid problem: (*a*) Counterpart could be deposited 95 percent to GARIOA account and later used pay troop costs if necessary or transferred to Fed/Rep if not. Possibility also use counterpart as fund for financing in advance requirements for Ger armed forces when pol sit permits, in anticipation of appropriation later by Bundestag. (*b*) All current aid could take form of loan, to be converted to grant if defense contribution satisfactory. (*c*) Fed/Rep could be required repay dollar aid in direct ratio to dollar outlay for troop support made necessary by inadequate contribution.

9. Request your comments.

FOSTER

ECA message files, lot 53 A 278, box 27, Frankfurt Toeca : Telegram

The United States High Commissioner for Germany (McCloy) to the Administrator for Economic Cooperation (Foster)[1]

SECRET PRIORITY FRANKFURT, July 28, 1951—3 p. m.

Toeca 759. Ref Toeca 737, Paris Torep 724, London Sigto 51 July 23.[2] Allied and Ger specialists held joint examination of draft Federal 51–52 budget at Bonn July 23 and 24. Ascertained that budget funds will be exhausted about 15 Sept earliest and 15 Oct latest rather than Nov reported reftel. Utilization BDL credit ceiling 31 July expected DM 1000–1100 million leaving DM 400–500 million. Fund deficit Aug–Oct expected DM 200–250 million per month.

After detailed examination draft budget appears well estimated. Wld amend fund deficit estimate from reftel DM 2.2–3.3 billion to DM 2.8–3.6 billion based on likelihoods under present circumstances for enactment no tax increase legislation, more Berlin funds required, disinclination Bundesrat give FedRep more than 25 percent of income, corporation tax revenues. New calculation of inflationary deficit (as distinguished from Federal budget fund deficit) awaits agreement with German technicians on *laender* budgetary prospects.

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[1] Repeated to Paris and London.

[2] Not printed. It reported that at a meeting between representatives of the Federal Republic and the Allied High Commission on July 18, Schaeffer had divulged the draft budget for 1951–1952, and had in effect appealed to the High Commission to request its governments to relieve the Federal Republic of part of the burden of occupation costs. (ECA message files, lot 53 A 278, box 27, Frankfurt Toeca)

Our previous estimate (Fin/P (51) 21[3]) combined deficit DM 4.4 billion US fiscal 51–52 assuming DM 9 billion contribution now seems too conservative. New calculation for Ger fiscal 51–52 assuming DM 8 billion occupation and related costs likely in range DM 4–5 billion.

Schaeffer's draft budget provides only DM 7.4 billion occupation and related costs including DM 800 million non-recognized. DM 1.6 billion recognized shown uncovered in extraordinary budget. This presentation apparently preliminary attempt to inform Allies that occupation costs cannot be met without assistance. When Schaeffer meets FinCom second week in Aug we intend offering nothing except promise to use influence with BDL to raise debt limit. Then Schaeffer will probably make clear whether or not FedRep intends pay occupation costs in full. If not, subj will then go before AHC and Chancellor as major political issue.

If Council is faced in late Aug with FedRep intention not to pay occupation costs in full as appears likely, believe approach shld under no circumstances be restricted to reminding FedRep of unchanged occupation status and mandatory nature occupation costs. Fact is that while FedRep was willing to finance occupation costs, Bundestag including coalition party factions wld not go along, claiming occupation costs contain substantial non-defense categories and that Ger occupation status is incompatible with a voluntary defense contribution. FedRep was forced principally by coalition defection to abandon previous tax increase position and press Allies for reduction occupation costs. Position now is that FedRep, even if willing, cannot force Bundestag to accept new taxes or elevation BDL credit ceiling for purpose of financing increased occupation costs. Legalistic arguments based on occupation statute therefore cannot be successful and wld not be conductive to producing the relationship with FedRep we desire after entry West defense partnership. Such an approach wld indicate crude insensitivity to FedRep's current dilemma.

Reduction occupation costs by 10 percent or more only as last resort. While postpones crisis for few months it (1) makes Allies overall position appear weak and (2) gives Gers impression their future defense contribution will be lower than present level occupation costs. May produce reaction other countries on level their defense contributions. Also produce Ger attempts bargain in other reserved fields. Only other approach based on (1) importance future defense role and assurances equality status which must be tangible to enable FedRep convince Bundestag and public. (2) Someone has to pay these costs, and only when Ger assumes defense burden shld Allies increase their present expense of defending Ger. Point out so-called "frills" are minor amount.

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[3] Not printed.

To take this approach governmental pressure must be applied UK and France since their reps here cling tenaciously to occupation status and consider defense contribution financing premature. Pls comment soonest as Council may be faced with crisis if issue arises in late Aug or, at latest, end of Sept when funds availability becomes critical. Failure solve this problem cld result in serious deterioration our position.

McCloy

ECA message files, lot 53 A 278, box 27, Frankfurt Toeca : Telegram

The Office of the United States High Commissioner for Germany to the Administrator for Economic Cooperation (Foster)[1]

SECRET FRANKFURT, August 4, 1951—3 p. m.

Toeca 793. Re: (*a*) Washington Ecato 799/800 July 26 rptd Torep 5276/5277;[2] (*b*) Frankfort Toeca 759, July 28 rptd Torep 745, London for NATO 67.[3]

All aspects reftel (*a*) now under study for comments soonest. Our immediate concern problem raised reftel (*b*). In taking into consideration general nature of FedRep political position, as outlined in reftel (*b*), it should be borne in mind that FedRep has by no means been fully cooperative. Frequently evidence of willingness to take advantage of bargaining position has been apparent on many issues which are equally difficult for Allies. We are, therefore, weighing advisability of HICOM (1) continuing to adhere to position FinCom has consistently taken in discussions with Germans that payment of occupation costs in full have priority over all other FedRep expenditures; (2) making no concessions in present Ger status toward occupation costs; and (3) leaving financing entirely up to FedRep. To insure this priority the least we cld insist wld be to condition contractual agreements upon a guarantee from FedRep that the 51/52 occupation costs, or whatever nomenclature will be attached to indigenous cost of stationing US, UK and Fr forces in FedRep, will be covered in full and will continue to be first charge upon FedRep expenditures hereafter until FedRep has defense contingent of its own, at which time cost of latter takes priority over Allied indigenous costs. The disadvantage of this tactic is possible delay which might result in concluding contractual agreements and unrealistic time period to which this problem probably confined; namely, last quarter of this calendar year or possibly first quarter 1952, by which time FedRep's own defense expenditures probably under way. Question is how far are we willing to go to assure payment of occupation costs under our present reserved powers. In order to take a strong and hopefully persuasive position with FedRep following courses appear to us to be feasible:

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[1] Repeated to Paris and London.

[2] *Ante*, p. 1637.

[3] *Supra*.

(*a*) Insist on full payment based on reserved powers not yet relinquished, indicating that relinquishment will be predicated on degree of cooperation FedRep displays in taking effective measures to cover occupation costs in full.

(*b*) State that ECA and similar aid will be conditioned on satisfactory defense performance which, at present juncture, means full payment occupation costs.

(*c*) Threaten use Allied powers direct and indirect to foreclose FedRep access to materials in scarce world supply which can then be made more readily available to countries which demonstrate greater willingness than FedRep to cooperate in mutual defence of which occupation and its attendant costs are an integral part.

While we appreciate possible and very probable repercussions of having to support this position with action in event FedRep fails to meet occupation costs, nonetheless we think time has come for us to be authorized to indicate in forthcoming discussions with Germans—first we hope UK and Fr, too, are prepared to take positive action. Basis this viewpoint is that our efforts at mere insistence on unchanged occupation costs status have thus far been unavailing. We take dim view of FedRep business and factions as usual attitude and complete failure of Bundestag to take realistic view of serious situation and adopt forceful measures to alleviate it. Short sighted partisan political considerations continue to play important and unconstructive role when fiscal situation urgently requires cooperation and courageous leadership. We think latter will only be forthcoming if Allies indicate united firm stand.

We think FedRep cld be convinced in principle of validity of our position but would probably claim with truth that implementing legislative program cld not be enacted under present political climate unless Allies give assurances in tangible form. At this point, HICOM will have to grant some concessions to be understood primarily as symbols of good intentions. As first-step, HICOM should announce decision to eliminate so-called "frills" or non-essentials from occupation costs on understanding FedRep wld make similar cut in its own administrative expenditures. We were prepared in any case to recommend elimination of these expenditures. While true that non-essentials make up no more than 5 to 10 percent of total occupation costs, they have been made a political issue. Public reaction to such defense non-essentials is currently damaging to us and to FedRep's chances of carrying out policy favorable to us.

Second, HICOM could recognize difficulty of FedRep's current political-fiscal situation and offer joint study and effort toward meeting serious interim period during which FedRep would secure enactment of fiscal and economic measures requisite to full payment of occupation costs and of a future defense contribution which FedRep would understand will be not only as high as present occupation costs level but even higher, witness DM 9 billion figure of FedRep capacity to pay tripartitely provisionally agreed at FinCom mtg July 13.

Your prompt reaction to foregoing would be advantageous in view FinCom above noted Aug 9 mtg and probable HICOM–Chancellor mtg reasonably soon thereafter. While we find UK–Fr inclining increasingly toward our analysis of seriousness of FedRep fiscal situation, we think considerable further change in their viewpoint must be obtained to formulate tripartite approach along lines recommended herein and reftel (*b*).

ECA message files, lot 53 A 278, box 31, Paris Repto : Telegram

The United States Special Representative in Europe (Katz) to the Administrator for Economic Cooperation (Foster)[1]

SECRET PRIORITY PARIS, August 8, 1951—9 p. m.

Repto 3895. Toisa. Re: (*a*) Frankfort Torep 778 sent Wash Toeca 793[2] rptd info London 87; (*b*) Wash Torep 5276, 5277 sent Frankfort Ecato 799, 800;[3] (*c*) Frankfort Torep 745 Wash Toeca 759 rptd London 67.[4]

1. OSR not informed fully as to relation between occupation costs–defense contribution issues and negotiations re future status of Germany. However, assuming reftels (*a*) and (*b*) are consistent with relevant US policies and intentions, OSR wld recommend fol modification of Frankfort's proposals in reftel (*a*):

(*a*) Maintaining level of defense cost (at present consisting entirely of occupation costs) at a minimum of approx DM 9 billion.

(*b*) Until defense status clarified insisting on full payment occupation costs based on reserved power not yet relinquished, which gives occupation costs priority over all other expenditures.

(*c*) Leaving responsibility for dealing with problem of financing occupation costs and other FedRep Govt expenditures squarely on the FedRep, letting it solve problem of financing in noninflationary fashion (but, of course, using influence to guide FedRep in right direction). Believe German fear of inflation will be effective incentive introduce measures necessary offset serious inflationary effect.

2. Believe hopefully persuasive attitude mentioned reftel (*a*) desirable and can be achieved by telling Germans relinquishment re-

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[1] Repeated to Frankfurt and London.

[2] *Supra.*

[3] Dated July 26, p. 1637.

[4] Dated July 28, p. 1639.

served power, US active support Germany's objectives of restored sovereignty, and occupation statute, NATO partnership, and better political and mil position will depend on degree cooperation FedRep displays in taking effective measures to meet responsibilities of independent govt, including in this case impact occupation costs.

If Germans convinced validity our position but claim with truth that implementing legislative program cld not be enacted under present political climate, then OSR favors the concessions as symbols of good intentions mentioned in reftel (*a*).

3. Believe ECA aid ineffective bargaining weapon because of uncertainties as to its eventual amount (e.g. uncertainties Congressional action, and dependence at present on balance payments considerations which will be affected by mil procurement in Germany as well as further developments in offshore procurement for end-item program), and smallness of aid in comparison occupation costs. Use of aid as bargaining weapon implies commitment to give aid if bargain struck and it is possible that for foregoing reasons less aid than now provided by illustrative figure will be appropriated for Germany this year.

4. Believe threats foreclose Germany access raw materials wld be self-defeating. Minimum scarce materials necessary essential civilian use plus those needed defense effort will be basis for allocations by IMC of which Germany a member. Germans know we can't afford let German economy collapse by cutting raw materials below minimum essential level, and we injure Western defense as well as Germans if we cut off materials for defense production. Important to realize such materials not necessarily destined for German use.

5. Believe negotiations German defense contribution shld be based on principles stated para 2 reftel (*b*) but there will be no NATO decision in immediate future. *Ad hoc* formula of 10 percent GNP is probably best.

6. Urge HICOM, State, take all possible steps develop agreed firm tripartite position re German occupation costs—defense contribution which Frankfort cables consistently point out as essential for an effective approach to the FedRep.

Katz

ECA message files, lot 53 A 278, box 27, Frankfurt Toeca: Telegram

The United States High Commissioner for Germany (McCloy) to the Administrator for Economic Cooperation (Foster)[1]

SECRET PRIORITY FRANKFURT, August 10, 1951—11 p. m.

Toeca 828. Ref: *a*—Deptel 1006, rptd Bonn 66, Paris 877, London 870, August 8.[2] *b*—Dept Repto 3895, Frankfort, rptd Repto 549, London Repto 2, August 8.[3] FinFed mtg held August 8, not 9. US chairman FinCom reviewed budgetary discussions and stated fol position:

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[1] Repeated to Paris and London.

[2] Not printed. It asked for clarification on the status of the negotiations concerning the federal budget and occupation costs. (762A.0221/8–951)

(1) Until change in Ger status occupation costs payment remains mandatory and has priority over all other Fed expenditures.

(2) Feel that present level of occupation costs constitutes no excessive burden in consideration defense expenditure levels now being undertaken by allied govts. Although new troop assignment to Ger at FedRep request caused increase in occupation costs, it has necessitated substantially greater additional expense to allies. Therefore, allied govts are not considering additional foreign or local currency assistance or diversion of present assistance for purpose financing occupation costs.

(3) In view magnitude defense expenditures undertaken by allies, future Ger defense contribution (though probably differently composed) must be higher than present level occupation costs to be satisfactory to other defense partners. Present tax revenue level must be increased appreciably and other appropriate economic control measures taken in order to preserve internal stability. Such measures cannot be planned and invoked too promptly.

(4) To solve the current problem of short cast position FedRep must raise short-term loans to insure full payment of budgetary commitments during the interim period until new tax revenue can be raised.

(5) Regarding fiscal policy measures, FinCom willing to supply any technical advice requested. FinCom concerned with certain factors reflected in draft 1951/52 budget especially large increases in non-occupation cost expenditures. FedRep has felt free to grant salary increases and higher social benefits at time when occupation costs have highest priority.

Failure to restore the 17 to 25 percent income tax rate cut of April, 1950 has resulted in revenue loss in excess of DM 1,000 million.

(6) FedRep must realize gravity of failing to live up to present obligation to pay occupation costs in full. Eventuality wld have serious foreign repercussions and endanger present favorable German world position developed as [*so?*] soon after World War II. Implied Western World wld doubt sincerity of FedRep desire make contribution to western defense.

(7) FinMin, if still unable to see way clear to mtg all budgetary commitments, shld lay issue before Chancellor for consideration of all internal and international facets.

In his answer, FinMin gave impression had expected allied financial assistance of major cut occupation costs. Stated that present FedRep burdens are relatively comparable to or greater than allied defense efforts. Referred to pamphlet his Ministry will publish which places present FedRep "defense contribution" at DM 13 billion including therein refugee welfare benefits and Berlin aid as well as occupation and related costs. Referred to Sonne report recommendation of substantial external aid to FedRep to solve refugee problem.[4] Said allies shld not over-assess Ger living standard by observation certain free-spending individuals. Claimed Ger taxes already world highest. Gave detailed exposition of "oppressive" nature present level of taxation. Claimed little more revenue can be raised, and income tax rate increase not possible. With tax increases impossible if FinMin were to go into deficit financing, inflation wld surely follow and Ger "defense capacity" wld be destroyed thereby.

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[3] *Supra.*

[4] The report under reference has not been identified further.

FinMin implied several times doubt as to "good intentions" of allies in assessing Ger economic capacity, taxation level and in recommending inflationary deficit financing. Referred to hypothetical bargaining where both parties maintain unrealistic initial positions with intent to compromise later; claimed he preferred instead to discuss present problems realistically. As to priority of occupation costs, he emphasized FinCom must realize that equally disastrous repercussions wld result from non-payment other Fed expenditures such as social benefits. If FedRep finds itself unable to pay all commitments only realistic course is to confer with three allied govts to determine mutually which of all admittedly essential expenditures (including occupation costs) must be cut. He wld indeed present fiscal situation to Chancellor for decision but he did not see any ready solution. As to FinCom's offer to give technical advice on tax and other fiscal matters, wld gladly have his staff examine FedRep's fiscal policies with any allied technicians of "good intentions".

We conclude FinMin is disappointed that FinCom offered no external solution to budget deficit and will present issue to Cabinet with view that Chancellor shld meet HICOM to obtain reduction occupation costs since he believes no internal solution is possible. This gives FedRep initiative and may give us more time to formulate firm tripartite position. Although FinMin gave assurance that no deficit financing source other than BDL credit is available we notice that of DM 196 million July indebtedness increase only DM 122.4 million came under BDL debt ceiling. Residual came from use immediate aid and other public agency funds. At this rate of BDL credit utilization (July 31: DM 1065.1 million) payment crisis might be delayed until Oct–Nov. FinMin's administrative power to delay certain expenditures cld delay crisis further if that were considered tactically advantageous. Timing budgetary crisis, of course, dependent on accuracy estimate rate of occupation costs spending which yet fails to reach levels predicted by allied services and may continue so.

Reply Reftel *a* and other comment follows.

McCloy

PARTICIPATION OF THE UNITED STATES IN THE WORK OF THE TRIPARTITE GROUP ON GERMANY, OCTOBER-DECEMBER 1951, AND IN RELATED DISCUSSIONS

A. THE QUESTION OF A GERMAN FINANCIAL CONTRIBUTION TO WESTERN DEFENSE

Editorial Note

At their meeting in Washington, September 10-14, the Foreign Ministers of the United States, the United Kingdom, and France had agreed that representatives of their governments should meet as soon as possible to discuss a German financial contribution to Western defense and the security controls that would remain in effect when the new contractual arrangements with the Federal Republic were established.

The result of this decision was the establishment of the Tripartite Group on Germany (TGG) which began deliberations in London on October 10. The documentation that follows presents an outline of the main work of the tripartite group and the subsequent discussions between representatives of the Federal Republic and the Allied High Commission concerning the question of a German financial contribution to Western defense.

For the text of the Foreign Ministers instruction on Germany to the Allied High Commission that contained the decisions with regard to a financial contribution and security controls, see WFM T-5*a*, page 1197. For documentation on the work of the tripartite group concerning security controls, see pages 1701 ff.

740.5/10-651 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom[1]

SECRET — WASHINGTON, October 6, 1951—6:10 p.m.

1881. For Gifford from Byroade. Ref Deptels 1486, Sept 14 and 1657, Sept 25.[2] As you know, we have to work out, in accordance with the

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[1] This telegram was drafted by Reinstein and cleared in substance by Knight.

[2] Neither printed. The former transmitted a summary of the fourth meeting of the three Western Foreign Ministers (for the U.S. Delegation minutes of this meeting, see p. 1272); the latter reported the U.S. position on security controls which was also to be discussed in London beginning October 10. (396.1-WA/9-1451 and 740.5/9-2551)

Directive of the FonMins,[3] the basis for handling the financial support of Allied troops in Ger under the contractual arrangements as well as financial support for German forces. We have now reached agreement with the Brit and Fr that these discussions will also begin in London on Oct 10. We recognize that it is unlikely that it will be possible to get consideration for decisions on this subj prior to the Brit elections. However, a good deal of useful work can be done in analyzing the problem, getting complete cost estimates and working on problems of procedure. Our intention has been to have Reinstein, with the assistance of reps of Defense, ECA and Treas, get work started on this basis. Once the issues have been defined and the elections are out of the way, we wld try to reach decisions or get the question in shape for consideration at a Mins mtg. At that point, we think that someone of Asst Secy level shld take over the negots and see them through their final stages. We hope that Thorp might be able to do this.

I recognize that it is quite an imposition on the Emb, but I wonder whether it wld be possible for Holmes to head up the del on financial questions on a temporary basis, pending the arrival of someone from Wash for this purpose. I do not think that, in the light of the election, the discussions in the early weeks wld be likely to require that he spend any significant amount of time on the subj. We wld, however, in view of our later plans, like to estab the level at which the discussions will eventually be carried on. [Byroade.]

WEBB

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[3] For the text of the Foreign Ministers instruction on Germany to the Allied High Commission, see WFM T-5*a*, p. 1197 and footnotes thereto.

740.5/10-1351 : Telegram

The United States Delegation at the Tripartite Talks on German Financial Contribution to Defense to the Secretary of State[1]

SECRET LONDON, October 13, 1951—4 p. m.

1814. Defense summary No. 2. From USDel Ger fin. First mtg tripartite comite on Ger fin contribution for def held Oct 11 with fol representations: Stevens for UK, Trimble (representing Holmes) and Reinstein for US, Leroy the Fr Emb assisted by Valery FonOff for France.

It was agreed no publicity wld be given discussions. Press questions wld be answered by statement along lines previously proposed by Brit FonOff that discussions tech for eventual use HICOM and wld result in no public statement.

Mtg devoted to program of work, discussion of which entered rapidly into substance. Agreed proceed simultaneously with study figures and policy questions. After some maneuvering re statement policy issues, apparently involving Brit attempt to limit area of discussions, comite took up studies on figures.

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[1] Repeated to Frankfurt and to Paris for Harriman and OSR.

US proposal to request HICOG to prepare recommendations on total Ger fin contribution, using NATO criteria, as basis, objected to by Brit and Fr. Brit wanted work done by subcomite in London; Fr in Paris. Fr eventually conceded desirability using London as basis operation. US deferred agrmt pending consultation US element HICOM. Brit and Fr agreed subcomite cld visit Ger if necessary.

In discussion allied costs, Brit indicated they include in costs all Brit costs in Ger, referring to wording their proposal in Wash FonMin's discussions to cover "essential allied expenditures". (In later private conv they indicated all Brit Govt operations in Ger are included, even Emb.) US pointed out question arose under heading "logistical and fin support of allied forces" and stated purpose of discussions was not to deal with costs, other than those of supporting forces in Ger. Discussion deferred to next mtg.

Fr stated Ger costs cld be considered only in EDF discussions. US suggested, with Brit concurrence, SG recommendations wld provide basis for work in London. US proposed early mtg in Paris to discuss relation work comite to EDF discussions. No decision reached but Fr undertook to present at early date statement of present state of fin discussions re EDF. At conclusion Brit circulated doc suggesting total Ger contribution for NATO (that is, US) FY 1953 of 10 percent of GNP. This they calculate wld represent contribution of 13 billion DM at FY 1953 prices, which they assume will be 15 percent higher than in FY 1951. Copies paper being pouched.[2]

Fr circulated paper suggesting total Ger contribution be sufficient permit use of Ger contribution under three headings: (1) Expenses involved in support of allied troops not integrated in EDC[3] other than capital (infrastructure) costs; (2) Ger contribution to EDC; (3) capital (infrastructure) costs for support of EDC and non-integrated allied forces. Fr paper, without proposing any priorities, suggests (1) cld be handled by lump sum payment which cld be subj to revision annually; (2) wld be fixed by EDC budget. Fr paper does not suggest how (3) wld be handled or how any deficit shld be met.[4]

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[2] A copy of the British paper, TGG(FD)P 3, dated October 10, not printed, is in the CFM files, lot M-88, box 205, TGG(FD)P, vol. I.

[3] For documentation on the work of the European Defense Conference at Paris, see pp. 755 ff.

[4] A copy of the French paper, TGG(FD)P 4, dated October 4, not printed, is in the CFM files, lot M-88, box 205, TGG(FD)P, vol. I.

740.5/10–1451 : Telegram

The United States Delegation at the Tripartite Talks on German Financial Contribution to Defense to the Secretary of State[1]

SECRET LONDON, October 14, 1951.

1826. From USDel Ger fin. At mtg Oct 12, tripartite comite on Ger fin contribution to defense, Fr presented statement on current state negots re fin aspect European Defense Community (EDC).

1. *EDC Budget.*

Common defense budget for EDC countries will be effective from inception EDC. (Throughout presentation Fr stressed fin arrangements wld go into force as soon as EDC treaty becomes effective). Budget will not however correspond to totals current national defence budgets of member countries. Certain expenses will be outside EDC budget and those included will be calculated on different basis than under present NAT systems. For example, something will have to be done to equalize scale troop pay. EDC will have its own admin org distinct from NAT govts and there will have to be common procedures for obtaining supplies from various member countries. EDC budget will include in addition to expenses in current budgets costs raising new units, both Ger and Fr, and new infrastructure costs.

There will be excluded from EDC costs defense costs relating to extra-European areas including cost attributable to such responsibilities in metropolitan areas; costs of internal security troops (*gendarmerie*), costs of recruiting to be supplied to EDF.

In case of Ger, relationship will have to be estab between EDC costs and costs of support with other forces; in case of infrastructure costs, it will be difficult to determine whether use will be primarily by EDF or other forces and Rome decision by higher auth on allocation of costs will be necessary. When allocations made, costs will then be allocated on EDC or NATO basis.

2. *Raising of Funds.*

Contributions to budget will have to be based on ability to pay, perhaps modified by political considerations, rather than on basis of direct benefits to participating countries or on number troops. This will probably be done by percentage allocation of total budget based upon respective income. Therefore Ger contribution wld be very different in character and amount from what it wld be if Ger were responsible for raising and equipping its own forces. This wld be responsibility EDC. It was for this reason that Fr reluctant discuss "Ger costs" in present discussion.

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[1] Repeated to Frankfurt and to Paris for Harriman and OSR.

3. *Payment arrangements.*

From fiscal viewpoint, payments by participants to EDF wld be made in periodic installments, probably quarterly. Problem transfer of currencies has not been solved and still being discussed in Paris. It is obvious NAT contributions to EDC wld be greater or less than demand for those currencies under EPU.

Three possible ways are envisaged for dealing with this problem.

(1) By extension supplementary credits to those provided through EPU;
(2) By use external aid furnished in equipping EDF;
(3) By placing orders for equipment in countries where there are not heavy costs for the support of troops.

In response to question from UK, Fr said this was not all firmly agreed but represented stage which discussions in Paris had reached.

UKDel then made fol statement. While problem involves consideration of wide econ polit and strategic importance, they considered discussions shld be primarily from econ viewpoint. UK defense program is all UK can bear without going on to full war basis. UK cannot undertake any fon exchange obligations as result of these arrangements. This does not mean UK is less anxious than other countries to carry out program which has been agreed. Its attitude is not negative or passive. UK govt has given much thought how to achieve results sought in Ger without prejudice to UK fin position. It believes if negots are carried out properly this can be done.

UK rep said Brit people wld not tolerate any agreement which wld not call on Ger to carry burden comparable to that of UK. This is not too much to ask of defeated enemy whose territory we wld be prepared to defend. If allies work together to get fullest reasonable Ger contribution, no problem of gap need arise. If Allies do not succeed, UK position will still be based on circumstances referred to above.

Since situation required rigorous economies in Allied expenditures in Ger, one of problems is how to control Allied expenditures for which Gers are responsible and to provide incentive to Gers to economize for such expenditures. UK will propose specific measures designed to have this effect in current discussions. UK rep stated if there were "marginal excesses" resulting from excesses in actual expenditures over estimates, UK wld be prepared undertake additional changes on its budget and balance of payments.

Re Ger costs UKDel recognizes relationship to EDF. It had assumed fin arrangements in EDC wld take some time and believed that meanwhile, Ger fin contributions, except as needed to support essential Allied expenditures in Ger, shld be used to cover actual expenditures in Ger for raising and maintaining Ger units.

UK had calculated probable costs of Ger units, taking into account econ and practical considerations which might not have been considered by SG comparing military estimates. Even assuming end-item assistance from US, UK doubted that FedRep wld be able to build up forces sufficiently rapidly to spend more than two and half billion DM in NATO FY 1952/53. (To this UK adds 200 million DM for mobile police force and 300 million DM for wehrmacht pensions.) UK calculated cost Allied forces in Ger, which cld be reduced by economies, at 9.75 billion DM and fair Ger contribution at 13 billion DM (referred to tel 1814, Oct 13, rptd Frankfort 220, Paris 707 [2]). Copies Brit statement (TGG (FD) P-5 [3]) being pouched.

US rep reserved comment on Fr and UK statements until they had been studied. He made two points re gen attitude USDel re negots.

(1) FonMin's instructions call for copies negots completion with FedRep by time Rome mtg. To meet this sched, discussions with Gers must begin at very early date.

(2) The whole purpose of these discussions was to secure a Ger military contribution to aid in defending west and fin arrangements must be such that building up of Ger force is not obstructed. It had been agreed by Mins in Wash to obtain comparable fin contribution from Ger. This contribution to be effective must not be frittered away on expenditures not really part of defense costs.

As conclusion mtg, UKDel asked Fr info on time sched of EDF discussions and fin and extent to which they had been worked out with Gers. Fr replied evasively.

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[2] *Supra.*
[3] Not printed.

740.5/10-1551 : Telegram

The United States Delegation at the Tripartite Talks on German Financial Contribution to Defense to the Secretary of State [1]

SECRET LONDON, October 15, 1951—1 a. m.

1825. From USDel Ger fin. At Oct 13 mtg tripartite comite on Ger fin contribution for defense USDel commented on Fr and Brit statements at preceding meeting. (See immed following tel.[2]).

US rep said in preparation for mtg, US had assumed fin aspects of EDF wld take some time to work out. While it was clear that three power arrangements with Ger wld have to be modified to accord with EDF fin arrangements, US had assumed arrangements between three powers and Ger wld at beginning be on basis NAT budgets. US understood from FonMin's discussion in Wash estab EDF wld not have to be delayed until all institutions and detailed problems involved in broader concepts EDC had been completed.

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[1] Repeated to Paris for Harriman and OSR and Frankfurt.
[2] Telegram 1826, *supra.*

Fr statement at preceding mtg made clear EDF wld involve changes of most fundamental character in relations among participants of EDC. Detailed implementation fin arrangements appear to involve problems of extremely complex character and Fr statement also indicated harmonizing these arrangements with those of support of other troops in Ger wld likewise be extremely complex task.

It appeared to USDel that preparation first budget EDC wld require long time and in fact wld depend in part upon negots with other powers. It was difficult to see how all this cld be done in time to permit estab effective fin arrangements for support Allied troops in Ger when contractual arrangements enter into force.

US rep pointed out problems involved require action some time before contractual arrangements become effective. Although possibility new arrangements wld not involve additional cost to Allied powers was pleasant to contemplate, US doubted this wld be result. In any event, it is necessary to obtain precise ideas at earliest possible moment. US budget for FY 1953 was now in advance state of preparation and must be presented to Cong beginning Jan. US must therefore know very soon whether and to what extent it faces need to seek appropriations for support forces in Ger.

USDel did not understand how, in Fr proposals, relationship between three powers and EDF cld be estab in time to complete sched laid down by mins if EDF negots continue until Rome mtg. Wld there not be some point at which EDF conference wld report to govts and fin aspects arrangements wld firm up?

Study Fr statement had led USDel to believe it wld be necessary to have some interim arrangement pending time EDC fin arrangements became fully effective. This wld permit arrangements to be worked out for say first year. These arrangements which wld be on NAT basis wld be without prejudice to negot of adjustments in light of EDC and negots on these adjustments cld begin as soon as EDC countries were prepared to undertake them. USDel asked whether Fr del cld not envisage some such arrangement and opening of discussions with Gers on this basis at early date.

US rep made clear what he was seeking was a practical way of dealing with urgent problems of considerable importance which cld constitute a bridge to situation in which EDC was fully estab. He pointed out US fully supports EDC as had been made clear by Acheson in Wash FonMin's mtgs.

With ref UK statement previous day, US rep said question came down to actual figures. He thought best way of getting ahead was to examine figures. He made clear US did not believe total Ger contribution should be arrived at simply by mechanical process applying to Ger GNP percentage derived from defense expenditures in one NATO country.

UK rep agreed with US statement on urgency working out some arrangement and on need for completing it prior to creation and implemention all EDC fin arrangements. He doubted arrangements with Ger cld be purely interim since this wld involve giving up present powers without any assurance as to relations with Ger beyond interim period.

US rep stated by interim he meant all fin problems involved creation EDC shld not be dealt with in negots contractual arrangements and that problems shld be resolved by stages. He agreed arrangements cld not be interim in sense Ger wld be without obligation to non-EDC countries to furnish support of some kind. This wld place Ger in position of not being obligated to do as much as was done by NATO countries for one another under their mutual arrangements.

During exchange between Brit and Fr on statistics, Fr remarked Brit estimate of Ger costs was considerably less than those contemplated by Paris discussions. However, it appeared they were thinking of Ger fin contribution to EDC rather than Ger costs proper. They also noted that Brit figures envisaged increasing Allied costs by 2 billion DM over current level. They felt this wld be very difficult for Gers to accept unless it were clear costs were genuine defense costs. Also they felt arrangement must involve presentation to Gers in form which wld make it acceptable and that it shld represent Allied economies from present levels of expenditure. They said this underlay their division of costs into categories (re Embtel 1814, Oct 13 [3]).

US rep suggested way to get forward was to refer to subcomites development estimates total Ger contribution and Allied and Ger costs. He suggested these figures cld be developed without prejudice to consideration policy aspects in plenary mtgs. Meanwhile he urged Fr study for early reply US suggestions as to method of approach.

It was agreed to take up Oct 15 terms of ref of subcomites. Brit tabled additional papers and indicated they wld desire continue gen discussion policy questions.

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[3] *Ante*, p. 1648.

740.5/10–1551 : Telegram

The United States Delegation at the Tripartite Talks on German Financial Contribution to Defense to the Secretary of State [1]

SECRET LONDON, October 15, 1951—midnight.

1847. From USDel Ger fin. Tripartite comite on Ger fin contribution to defense agreed at October 15 mtg to estab working party to recommend Ger total fin contribution from 1 Apr 1952 to 30 June 1954. Working party will take into account Feb criteria and any criteria developed by TCC,[2] and report October 22. Comite noted TCC Executive Bureau request for preliminary country analysis (ref Repna circular 2, October 14 [3]). It agreed results its studies shld be transmitted TCC for info but that it wld not be feasible for comite, if TCC so desired, to prepare country data on Ger mentioned ref circular.

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[1] Repeated to Paris for OSR and the U.S. delegation to the Temporary Council Committee (TCC) and to Frankfurt.

US submitted draft terms of ref working party on Allied costs in Ger calling for development of cost estimates for support Allied Forces in Ger. Under US draft, working party was to develop costs on basis HICOM manual occupation costs but to exclude items not representing true defense costs.

Brit proposed including in study all "essential Allied expenditures in Ger". US rep stated comite's terms of ref included only fin support Allied Forces and Brit proposal contrary FonMins agrmt. Brit attempted justify position on ground all Brit staff in Ger needed for support of forces and are now covered by occupation costs. US rep pointed out contract supposed to provide new regime.

Fr stated they cld not accept US proposal since it did not take into account EDC and was inconsistent with their proposal to allocate funds for Allied costs on lump sum basis. They explained lump sum wld be divided among Allied powers perhaps on basis number troops, and each power wld be free to spend funds for such purpose as it desired. (At times in discussion Fr talked of lump sum as applying to US and UK only; at other times they appeared to have in mind that it wld also apply to Fr.

US rep replied proposal to estab cost data was without prejudice to policy issues. Data needed to estab reasonableness of any proposals for settlement, including possibly lump sum. Brit supported this point.

Fr flatly refused to submit data on future Fr costs in Ger, stating these costs wld all be covered by EDC budget. They also indicated that for same reason they wld not be able to participate in discussion of Ger costs. At same time they said they cld not provide any info as to what Ger EDC contribution wld be. They suggested working party examine US and UK costs and consider method for making allocation as between these costs and Ger contribution EDC, it being clear latter wld have full priority. This was unacceptable to US and UK dels.

US rep made various efforts to find compromise solution which wld permit cost study to be undertaken without prejudice policy issues. These were unsuccessful. It was eventually agreed discussion provided no basis for carrying on work. US again urged Fr consider interim solution proposed by US Oct 13. Fr said they wld have to study problem and possibly consult their govt.

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[2] For documentation on the work of the Temporary Council Committee, see pp. 1 ff.

[3] Not printed.

During course discussion UK rep stated any arrangement re Ger contribution EDF wld require tripartite agrmt. Fr rep said this raised important question but did not discuss point.

Throughout discussion and in later private discussion among three reps, US rep continued to place emphasis on practical aspects problem and impossibility working out within next several weeks principles which wld govern relations between EDC and non-EDC countries, particularly in view of fact EDC fin arrangements not yet completed. US rep again proposed discussing EDC relationship in Paris, but Fr evinced no interest.

762A.5/10–2151 : Telegram

The Chargé in France (Bonsal) to the Secretary of State[1]

SECRET PARIS, October 21, 1951—7 p. m.

2329. Subj is Ger financial contribution to defense. Alphand discussed with Emb reps yesterday Fr views re Ger financial contribution to EDF and support of Allied forces in Germany. While stressing Fr still examining prob, he summarized his present thinking as follows:

1. FedRep financial obligation to EDF shld be first claim against its financial contribution to Def.

2. Basic EDF conception is that each member is contributing its fair share in men and money for support of single def force and not for support of components of its nationality. Financial contribution of each member to EDF will therefore be based on its fair share of total budget of EDF and not on costs of training, support and equipping forces of its nationality. Relation between such costs and financial contribution of each member will vary at different stages of build-up of EDF.

[3.] Tentative Fr view is that FedRep shld contribute about same amount to EDF as France. Since other members will at outset be contributing greater capital assets in equipment and facilities than FedRep, they may be entitled to credits for these which Ger wld be expected to match over period of time by its contributions.

4. Fr capacity to contribute to EDF will be limited by costs of Indochina and Fr overseas navy if this is not included in EDF. Alphand used a figure of around 600 billion francs for Fr EDF contribution recognizing this wld depend on TCC exercise and on expenditures to be included in EDF budget.

5. If Ger contribution to EDF were merely to match Fr on this basis, it wld amount to 7 billion marks. If, however, it shld be agreed that Ger shld match initial capital contribution of other members prorated over three to five years, this might add substantially more to FedRep annual obligation to EDF.

6. Alphand assumed Ger might contribute total of 10 to 12 billion marks to western def in order to equal effort of other Eur nations. If FedRep obligation to EDF does not absorb full amount of this con-

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[1] Repeated to London for Reinstein and to Frankfurt.

tribution, then Ger shld be expected to assume some of costs of NATO troops in Ger by building infra-structure, operating facilities and providing services.

7. EDF conf has been postponing detailed consideration of EDF budget pending at least initial results from TCC exercise. Fr in particular have felt it was important for EDF conf and TCC to be using same planning figures. However, need to arrive at clearer policy for London talks seems to have convinced them that even if only for own purposes, budget planning figures for EDF conf shld be prepared at once.

8. Alphand stated that arrangements had now been made for London dels to receive planning figures on size and costing of EDF forces of Ger origin. He stated also that France had agreed to preparation in London of estimates of costs for Fr and other Allied forces stationed in Ger without prejudice their position on use of these estimates.[2]

BONSAL

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[2] On October 23 the U.S. Delegation reported that Alphand had discussed the relationship of contractual arrangements, the EDF, and a German financial contribution with representatives of the British and U.S. Delegations along these same lines. Alphand stressed that a common budget was an essential part of the French conception of the EDF and that France could not contemplate an interim solution involving a German defense budget. Telegram 1995 from London, October 23 (740.5/10-2351).

740.5/10-2351 : Telegram

The United States Delegation at the Tripartite Talks on German Financial Contribution to Defense to the Secretary of State[1]

SECRET PRIORITY LONDON, October 23, 1951—6 p. m.

1996. From USDel Ger fin. Ref immed preceding tel,[2] and Paris 2300, Oct 19[3] and 2330, Oct 21[4] to Dept, rptd London 575 and 587, Frankfort 276 and 284 and previous refs.

1. Fr position as now revealed seems to us to involve basic point of substance. Fr insistence on application of common budget at outset EDF is contrary to assumption on which our instrs are explicitly based.[5] Question is not whether there shld be fin clauses in EDF treaty (re Paris 2300, para 3). It is rather to what degree EDC fin arrangements must be worked out before EDF and contractual arrangements can be agreed and to what extent they must be implemented as condition of placing two treaties in effect.

2. Fr position seems to involve much fuller working out and implementation fin arrangements than has been contemplated in Washington. We believe this point and its implications re time at which can

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[1] Repeated to Frankfurt and to Paris for OSR, TCC, and MacArthur.

[2] Telegram 1995, not printed, but see footnote 2, *supra*.

[3] *Ante*, p. 893.

[4] Not printed, but see footnote 2, p. 903.

[5] No copy of the instructions under reference has been found in the Department of State files.

expect Ger forces to begin to be raised, require urgent consideration. Acceptance this position wld seem to involve protracting EDF discussions for some time. It wld also seem to involve complicating and protracting tripartite talks with Gers thru HICOM. Effect in both cases wld be to move back entire timetable for conclusion of contract and EDF, and raising of Ger units.

3. Effect of acceptance Fr position on negots here wld be to delay beginning substantive discussions for at least several weeks, during which time it wld be necessary for US prepare for negots on wholly new and broader basis than originally contemplated. Negots wld have to deal with complex set of issues involving longer term relations between Ger as member of EDC and non-EDC NATO countries. They might involve broader problems, of relations between US and UK and EDC as a whole. (Aside from substantive questions, there is also involved question to what extent we shld negot on EDC questions first with Fr and then tripartitely with Gers). How rapidly tripartite agmt cld be reached once we enter into this area is very unclear. Meanwhile, no discussions with Gers in context contractual arrangements cld take place, with inevitable prejudice to Bonn negots.[6]

4. It is our feeling that any rapid progress must involve taking these problems in stages. Interim solution seems only practical way of achieving this. Fr rejection our proposal for interim arrangements on fin matters seems to us inconsistent with their own ideas of a transitional period of one year in milit field reported in Paris tel 2328, Oct 21, rptd London 585, Frankfort 282.[7] It seems to us entirely possible to work out interim solution in fin matters which wld not prejudice principle of common budget but allow it to be worked out in such a way as to avoid delay to completion overall arrangements with Ger. This is line we have been taking as reported in Embtel 1828 [*1825?*], rptd Paris 714, Frankfort 225,[8] which we understand to be in accord with our instrs.

5. We interpret Deptel 2270 to Paris, rptd London 2064, Frankfort 2468[9] as statement Fr position inconsistent with Schuman's statements to Secy during discussions in Sept. Whether or not there was mtg of minds among FonMins, questions raised by Fr position must be faced. We believe results of our conv with Alphand reported in preceding tel are as far as we can go here. If Dept desires interim solution, it will presumably be necessary to take matter up at high level in Paris. If prompt decision on this point not reached, there is

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[6] For documentation on the negotiations for a new contractual arrangement with the Federal Republic, see pp. 1446 ff.

[7] Not printed.

[8] Dated October 15, p. 1652.

[9] Not printed; it stated, *inter alia*, that the U.S. approach to the London discussions was based on Schuman's assurance that the final working out of the details of the EDF would not delay agreement on contractual relations or recruitment of Germans into the EDF. (740.5/10–1451)

danger we will be forced into discussion of substance Fr proposals, which we have thus far avoided, without adequate US preparation.

6. Dept's views urgently requested.

762A.5/10-2151 : Telegram

The Secretary of State to the Embassy in France[1]

SECRET PRIORITY WASHINGTON, October 24, 1951—6 : 51 p. m.

2403. For the Ambassador.

1. Re your 2300 Oct 19[2] and London's 1995, rptd Paris 817[3] and London's 1996, rptd Paris 818.[4] Dept's planning and instructions to McCloy and USDel London Ger fin based Schuman's assurances Secy referred to Deptel 2270.[5]

2. As stated London's 1995 and 1996 we require an interim solution of problem of Ger fin contribution to defense if we are to proceed with Bonn discussions and bring any unresolved issues with Gers for resolution by FonMins prior to Rome mtg. In our view Fr in agreeing to arrangements for discussions with Gers also committed themselves to an interim solution of fin problems. An operating common budget, as distinguished from a decision in principle to have one, will take far longer to develop and put into operation than present, or any other reasonable time schedule, permits. This view strengthened by fact (Embtel 2329 Oct 21[6]) Fr ideas still informal and not yet broached EDF conference.

3. Interim solution wld be revised to meet needs EDC. The EDF discussions have reached decisions in principle on a number of issues without working out details and on others have agreed to permit SHAPE and Gen Eisenhower either to make final decisions or to direct EDF operations in a transitional period in lieu of estab EDC institution or appointment responsible official. It seems to us neces that in fin matters an analogous procedure be followed.

4. Pls discuss this problem with Schuman, indicating to him incompatibility of position Fr have recently taken with our agreed time sched and his understanding with Secy and Morrison. Pls ask him to agree to go forward on the basis outlined by our del in London, making it clear to him, as stated Para 4 of London's 1996 and in London's

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[1] This telegram, which was repeated to London and Frankfurt, was drafted by Jacobs of the Office of German Economic Affairs, and was cleared by Hillenbrand of the Office of German Political Affairs, Barnard of the Office of European Regional Affairs, Director of German Affairs Byroade, and by ECA.

[2] *Ante*, p. 893.

[3] Not printed, but see footnote 2, to telegram 2329, October 21, p. 1657.

[4] *Supra*.

[5] Not printed, but see footnote 2, p. 893.

[6] *Ante*, p. 1656.

1828[7] to Dept, rptd Paris 714, that interim solution wld not prejudice EDC but is essential in order to avoid delay which wld hamstring Bonn discussions and seriously prejudice possibility early Ger contribution to defense along lines FonMins agreed.

ACHESON

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[7] The reference here is presumably to telegram 1825, October 15, from London, p. 1652.

762A.5/10-3151: Telegram

The Ambassador in France (Bruce) to the Acting Secretary of State[1]

SECRET PRIORITY PARIS, October 31, 1951—11 a. m.

2544. Re Deptel 2403, Oct 24.[2] During past few days I have had members my staff make strong representations to FonOff, FinMin and Monnet that discussions on financial arrangements for EDF shld not be permitted to delay agreed discussions on contractual arrangements. As far as we can ascertain, inability of French delegation in London to proceed appears to arise from a lack of agreement in French Govt on appropriate French position in London talks and not on an alleged inconsistency with EDF altho situation is also complicated again by a misunderstanding or inaccurate reporting on part of French delegation in London. In any case above three French groups now seem to accept view that an interim common budget for EDF does not prevent three OCC govts from agreeing on a common position to initiate discussion with Federal Republic on size and nature of its defense contribution. Monnet, Alphand and Guindey have told us separately that they wld like to discuss question with French delegate Lavergne who is returning from London today before giving us final views. If answer is not satisfactory in these conversations scheduled for tomorrow, I will take question up with Schuman.

I am still not clear on what you mean by an "interim solution" to problems of finance in EDF. It is certain that a special procedure for common financing in initial period must be worked out analogous to interim solutions being adopted for other issues arising in creation EDF. Nevertheless, such initial financing arrangements must be consistent with common budget principle from outset. As a minimum, central EDF institutions shld be responsible for expenditure of funds altho for a time appropriations, credits, and contracts existing in defense programs now drawn up on national basis may guide expenditures. An initial common budget which is in a sense an addition of national budgets with sufficient flexibility to permit gradual development of single defense program shld be adequate and shld be possible of solution in brief time. Perhaps also final division of burden between participating states cld later be evolved by common EDF institutions.

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[1] Repeated to London for Reinstein and to Frankfurt. Secretary Acheson had sailed for Europe on October 28 for the sixth regular session of the General Assembly and for talks with Foreign Ministers Schuman and Eden; for documentation on the tripartite Foreign Ministers discussions, see editorial note, p. 1312.

[2] *Supra.*

On other hand, any "interim solution" which wld involve expenditure by Federal Republic directly for support of German forces wld be inconsistent with establishment of European defense community and wld be seriously detrimental to prospects for its creation. French, in particular, wld no longer consider EDF to provide the guarantees against creation of German national force which they seek and wld be less likely to agree at outset to status of equality that Federal Republic requires if it is to obtain necessary support for new contractual arrangements and contribution to defense.

I recall that this very question was discussed by Dept officials with McCloy and myself in preparation of briefing paper for the Secretary at time of tripartite discussions in Washington and that it was resolved in this sense for that document on EDF.

BRUCE

740.5/11-251 : Telegram

The United States Delegation at the Tripartite Talks on German Financial Contribution to Defense to the Acting Secretary of State [1]

SECRET LONDON, November 2, 1951—5 p. m.

2151. From USDel Ger fin. As will be evident from report our mtg on Ger fin contribution to Defense Oct 31, telegraphed separately,[2] and from Paris 2544, Oct 31 to Dept, rptd London 640, Frankfort 319,[3] there continues to be lack of common understanding among us as to US position on method by which costs of raising and equipping Ger forces are to be met at outset EDF. We consider it of greatest importance that clear US line be adopted on this subject.

There is difficulty in seeing how, in view Ger has no defense budget or program at present, Ger can be fitted into arrangements described in second para, Paris 2544, pending establishment genuine internatl budget approved by assembly of EDC. We appreciate that Fr may have concern over estab in Ger of administrative services which wld in effect constitute elements of Defense Ministry. Some services must be estab quickly for procurement of supplies and control of expenditure. We assume problem of ensuring that this is not done in such a way as to undermine EDC concept wld be part of transitional arrangements.

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[1] Repeated to Paris for OSR and TCC and to Frankfurt.

[2] Telegram 2149 from London, November 2 (740.00/11-251). It reported that the British and American delegations had "stated strongly" to the French the "need for reaching some agreed basis for carrying on discussions."

[3] *Supra.*

Placing responsibilities on FedRep for fin costs of raising and equipping Ger units pending full estab common budget seems to us to be wholly different question. Character of expenses to be borne by Fed Govt wld have been worked out internationally, through estab force requirements, and time phasing in EDF conf, and through tripartite negots with Gers in framework contractual arrangements. Principle of common budget and provision for estab of common fin institutions wld have to be agreed in EDC treaty. In these circumstances, we wonder whether Fr fear that expenditure by FedRep directly for support Ger forces during period before common budget is established by EDC assembly is not greatly exaggerated.

It is hard for us to see what alternative there is which wld not involve new and lengthy negots. Fact that Fr have not been able to produce even their estimate of what Ger contribution to common budget shld be and that there is no clear ideas to how discussions wld proceed when they do, suggests that trying to work out solution without some interim transitional period wld involve considerable delays in making any approach to Fed Govt on fin questions.

Re last para, Paris 2544, we have reviewed briefing paper for Secy on EDF (WFM T-4/2[4]) but do not find any clear indication of position on this subj. We wonder whether some confusion has not resulted from use word "contribution" to describe both Ger participation milit arrangements and fin obligations to be borne by Gers for Western defense. It may be recalled that in proposal submitted to FonMins at Wash (WFM T-5*a* of Sept 10[5]) there was agreed US-Fr text describing Ger costs as "agreed costs borne by the Fed Govt of raising and supporting forces contributed by Germany to the common defense".

Reinstein going Ger today to obtain McCloy's views.

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[4] Not printed.

[5] *Ante*, p. 1197.

740.5/11–351 : Telegram

The Acting Secretary of State to the Embassy in France[1]

SECRET PRIORITY WASHINGTON, November 3, 1951—1: 30 p. m.

2656. For Ambassador pass TCC and OSR for info. Re Embtel 2544 Oct 31 rptd London 640, Fkft 319.[2] Dept gratified that Fr officials concerned apparently now willing insure Lon talks can deal with issues whose settlement is neces if we are to proceed in Bonn discussions with Gers and that if any new hitches develop you believe it will be possible to persuade Schuman to straighten them out promptly.

As stated Deptel 2403,[3] the basis of our view is the problem of timing. In San Francisco[4] and Wash Schuman agreed that working out details EDC and establishment its institutions wld not delay recruiting Gers. Our support EDC has been specifically conditioned on its being workable and quick means obtaining Ger military participation in Western def.

To obtain rapid participation the arrangements made must facilitate recruiting, training and equipping of Gers and must help us to negotiate contractual arrangements with them quickly. We therefore consider that agreement on principle of a common budget, if it can be reached in EDF Conf, shld mark end of this stage of working out of EDC. While work on development and actual estab of common budget, and agmt on just what expenditures shld be covered by it, about which we are far from certain at this time, can go forward in the conference, and if it progresses rapidly enough may permit functioning of common budget early in operation of EDC, the Fr must agree to carry on with recruiting, training and supplying of Gers as quickly as possible pending coming into effect of common budget.

This means that they must cooperate fully in working out in Lon of negotiating position on an interim solution which provides for Ger support of Ger troops and Allied troops for presentation to Gers by HICOM at earliest opportunity so that entire range of issues involved in contractual relations can be discussed and worked out with FedRep.

This position, search of Departmental papers and check of recollection of officers here confirms, was basis Secs discussions with Schuman. It remains our view after consideration most recent proposals Fr and suggestions urtel.

(London for delivery to Reinstein before 11: 00 a. m. Nov. 4. Bonn for delivery to McCloy before 11: 00 a. m. Nov. 4.)

WEBB

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[1] This telegram was drafted by Jacobs: cleared with Calhoun and Barnard; and repeated to London, Frankfurt, and Bonn.

[2] *Ante*, p. 1660.

[3] Dated October 24, p. 1659.

[4] For documentation on the conference at San Francisco, September 4–8, for the signing of a Treaty of Peace with Japan, see vol. VI, Part 1, pp. 777 ff.

740.5/11–1451 : Telegram

The United States Delegation at the Tripartite Talks on German Financial Contribution to Defense to the Acting Secretary of State[1]

SECRET PARIS, November 14, 1951—5 p. m.

2868. From USDel Ger fin.

1. US and UK reps on comite on Ger fin contribution to def met afternoon Nov 12 with Alphand. Mtg was attended by Byroade[2] and by US and UK observers attending EDF conf, Tomlinson, Bowie and Hayter.

2. Alphand outlined proposal for interim EDC common budget which Fr intend to introduce in EDF negots. He said proposal was intended to meet concern expressed in Lon by US and UK reps that preparation common EDF budget wld operate as delay to buildup of Ger forces, but wld avoid necessity for separate Ger natl mil budget which Fr regarded as objectionable feature of US proposals advanced in London for interim arrangement. He said Fr thinking on interim EDC common budget was that treaty shld provide (*a*) for arbitration amt to be advanced by each member upon ratification of treaty to be credited against contribution as later agreed and to be used by EDF commissioner to defray normal mil expenses, pending adoption of budget and (*b*) for approval of first year budget by Council of Mins without necessity for approval by assembly. This procedural device plus advance planning was expected to result in adoption of budget within 2 or 3 months after ratification of treaty. Alphand said proposal had been discussed in prelim way with Ger rep to EDF conf.

3. Alphand also proposed that HICOM obtain Fed Govt reaction to Allied proposals re (*a*) global amt to be contributed by Ger for def; and (*b*) division of amt in principle as between EDC and support of Allied forces. Alphand stated that discussions with Gers cld not at this time enter into how funds wld be divided between these two purposes nor types of expenditure which wld be made from such funds. He said amt available to Allies wld be determined only after EDC contribution established, which in turn depended on final action on questions now pending before TCC re size, composition, and rate of buildup of Ger forces.

4. Alphand was asked by US rep to clarify when he thought talks with Gers in terms of specific figures wld be appropriate. He said this depended on TCC; and that after TCC recommendations were made, such figures might be discussed with Gers but only subj to reservation that final action by NATO pending.

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[1] Repeated to London, Bonn, and Frankfurt.

[2] Byroade was in Paris for the meeting of the three Western Foreign Ministers.

5. US and UK reps asked whether Fr proposal implied satisfaction of requirements of forces of NATO powers who are not members of EDC wld be residual. Alphand said this was effect of Fr proposal and also suggested Fed Govt might have political difficulties in making contribution to countries outside EDC.

6. US and UK reps asked whether Alphand in position to provide estimate of amt of Ger contribution to EDC which he said on Oct 22 he wld obtain: Alphand regretted he was unable to do so. Alphand said Ger contribution wld not be directly related to Ger mil expenses, but wld take into account relative size of natl products and def budgets of EDC members. He said that in case of Ger, EDC wld also require special capital contribution to reflect lack of military installations in Ger. When US and UK reps asked whether capital contribution wld be available to finance installations which US and UK forces wld require in Ger, Alphand said this point had not been considered.

7. Stevens repeated UK position that cabinet at present time considering whether UK prepared to open discussions with Fed Govt if possibility exists that outcome discussions might result in added def burden to UK arising out of UK costs in Ger or whether discussions shld be postponed until agreed method found of meeting such additional UK costs.

8. In course discussions US rep emphasized desirability discussing with Fed Govt equipment which Ger cld provide for EDF. US rep agreed discussions must be preceded by decision as to disposition security controls[3] but emphasized desirability initiating discussions immediately after FonMins have settled security issue.

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[3] For documentation on the Tripartite talks on German security controls which began in London October 10, see pp. 1701 ff.

ECA message files, lot 53 A 278, box 32, Paris Repto : Telegram

The Acting United States Special Representative in Europe (Porter) to the Acting Administrator for Economic Cooperation (Bissell)[1]

SECRET PARIS, November 14, 1951—2 p. m.

Repto 5680. USDel TCC 40. General review of submissions on Germany concluded in single morning session, after agreement EB WG wld meet Wednesday morning with chairman Paris conf, members London group, SHAPE SCS to discuss interrelations various aspects work and clarify position for TCC. Following points developed during meeting:

1. Alphand outlined Paris conf time table consisting of interim report at Rome, hoped for draft treaty by end year, then 3 to 6 months

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[1] Repeated to Bonn for McCloy and to London for the U.S. delegation at the talks concerning a German financial contribution.

for ratification and passage Ger legislation. Alphand and Monnet agreed speed essential and that planning for Ger contingents can and shld precede ratification. However no recruitment Ger contingents even of volunteers possible before Ger ratification and, according to Alphand, changes in constitution, i.e., basic laws. Note that discussion fuzzy on legal prerequisites. Agree recruitment cld start before institutions fully formed. Alphand stated def comm, when appointed, cld immed request SACEUR proceed, on interim basis, raise and train Ger contingents.

2. McNarney expressed view London security formula unrealistic and tended defeat our purpose. It was agreed that this is issue for Foreign Ministers not TCC. McNarney saw plenty of fear of Soviets as well. Alphand stated Paris conference has not discussed production but cld be no production by Gers for Ger forces, but would be integrated production for all members. Agreed Paris conference, with help SHAPE, wld draw up list German requirements and refer to HICOM for study Ger production capacity, consulting Gers in process. It was agreed list wld have to be prepared in some way which wld avoid entangling study with question of security safeguards and that this cld perhaps be done by concentrating on certain major items. Agreed follow same procedure for study Ger capability of meeting own infrastructure requirements. HICOM reps present indicated willingness make studies.

3. Alphand stated Paris conference unanimously agreed on 12 Ger divs as realistic total, with larger force in future not precluded. Harriman indicated EB had requested PC give figure for planning purposes and was using PC report as basis work. McNarney considered 12 as more realistic figure.

4. McNarney announced SCS team now in Ger and wld have revised costing Nov 23, with final figures later as part of TCC report. Consensus that present costing on high side, but no one at meeting challenged estimated order magnitude of costs.

5. HICOM reps agreed wld make study effect on balance payments of Ger production in conjunction with production and infrastructure studies. Agreed that reps of Paris conf, London conf, SHAPE and HICOM get together and work out procedure for getting necessary info to HICOM to permit studies to be made.

6. Stevens outlined status London work and problems thus far preventing agreement to negotiate fin contribution with Ger. London group already instructed prepare report on issue for FM mtg Nov 21, to be completed this week.

7. Reinstein stated some members London group believed cannot talk to Germans until TCC work completed. Group believed desirable EB sit with FM on Nov. 21. Harriman expressed views London group shld not delay work for conclusions TCC, stating equipment will not

fall like manna from heaven and TCC unable solve Ger budget problem. Plowden and Monnet agreed TCC needed results from Ger negotiations rather than vice versa.

8. After EB requested statement of views of those favoring delay for TCC completion, Alphand stated Fr had proposed yesterday in tripartite group to start talks with Germans immed on amount their total defense contribution, and explore whether Ger wld agree in principle to continued finance of Allied logistical support. He said division of total amount depended on determination of amt of Ger contribution to EDC budget and thus cld not be determined until results TCC work known, including allocation of external aid.

9. Plowden vigorously opposed Fr proposal to discuss total Ger contribution prior tripartite agreement on principles governing composition. In discussion on this proposal, UK–US agreed that cld not discuss just total budget with Gers since inevitably wld get involved in composition budget and priority of claims.

10. Gordon, acting for Harriman in latter part of meeting, suggested wld greatly simplify problem if cld agree include only two elements in Ger contribution until end 1952 or middle 1953: First, direct cost Ger contingents; second, Allied logistical support. Probably no real conflict between these two during that period, while introduction third unknown of additional net German contribution to EDF budget wld result in long delay.

11. Alphand opposed concept Ger budget for Ger forces or and limiting of Ger contribution to EDF budget to direct Ger costs. Explained Fr visualized advances to common budget for initial period of three–four months before common budget fully established.

12. Gordon explained was not proposing separate Ger budget but felt interim arrangements on lines suggested wld enable Ger participation without delay while budget details being worked out and priorities established.

13. US–Fr suggested desirability of having one group clarify issues which FonMins shld consider on November 21, bringing together London and EDF discussion. UK opposed any report by such group to FM or even joint report by London group responsible for preparing for Ger negotiations, on behalf of occupying powers. Finally, all agreed small meeting wld be held per opening para this message.

14. One of significant points which emerged from meeting was that Paris conf is concentrating on writing treaty and that inadequate attention is being paid to plannning practical steps necessary to implement arrangements when they are finally worked out. There was general agreement concerted effort should be made immediately to get more active planning work started.

PORTER

ECA message files, lot 53 A 278, box 32, Paris Repto : Telegram

The Acting United States Special Representative in Europe (Porter) to the Acting Administrator for Economic Cooperation (Bissell)[1]

SECRET PARIS, November 14, 1951—9 p. m.

Repto 5697. USDel TCC 41.

1. In meeting today special Ger group discussed problems referred to in Repto 5680 to Wash.[2]

2. Special group agreed meet next Tuesday, at which time Fr stated intend offer new proposal.

3. Text agreed memo confirming actions taken in EB meeting 13th fols:

Verbatim text: At the meeting which took place in Paris on Nov 13 between the executive bureau of the TCC of NATO, the chairman of the Paris Conf on the Eur Defense Community, reps of SHAPE the Tripartite Group on Germany, and the Allied High Commission for Germany, it was agreed:

> 1. (*a*) The Paris conf, with the assistance of SHAPE will prepare as soon as possible and furnish to the executive bureau a statement of the major equipment requirements for the German contingents to be furnished to the Eur defense force.
>
> (*b*) The High Commission will study, in consultation with the Fed Republic, the extent to which major mil equipment cld be produced by the German economy by mid-1954. After this study has been made in consultation with the Fed Republic, the High Comm shld determine what portion of the production wld not be possible in the light of the agreed position of the three powers on security safeguards.
>
> 2. SHAPE, in consultation with the Paris conf, will furnish the High Commission with the infrastructure requirements in Germany and furnish copies to the executive bureau. The High Commission will study, in consultation with the Allied mil authorities in Germany and, as appropriate, with the Fed Republic, the extent to which these requirements cld be met from present or presently projected installations, the extent to which the remaining requirements cld be met from German resources (and the cost thereof) and the extent to which it wld be necessary to obtain equipment for infrastructure from outside sources.
>
> 3. The High Comm, in consultation to the extent it considers desirable with the Fed Republic, will study the effect on the German balance of payments of production and other major economic consequences of the goods which its studies under paras 1 and 2 indicate cld be produced in Germany.
>
> 4. The High Commission will submit its reports to the three powers and furnish copies to the chairman of the Paris conf and to SHAPE. The reports shld be submitted not later than Dec 31. A preliminary progress report containing such rough

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[1] Repeated to London for Spofford and the U.S. delegation at the talks concerning a German financial contribution, and to Bonn for McCloy.

[2] *Supra.*

estimates of magnitude as are then available shld be made by Nov 30, copies of which shld be furnished to the executive bureau of the TCC. The separate report envisaged in para 1(*b*) will be submitted only to reps of the three powers.

5. The chairman of the Paris conf will furnish the executive bureau as soon as possible with a note on the German legislative measures which will be necessary to give effect to the Eur treaty and begin effective raising of German contingents.[3]

PORTER

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[3] This memorandum with minor textual changes was circulated as Temporary Council Committee (TCC) document EB–D/44.

740.5/11–1551 : Telegram

The United States Delegation at the Tripartite Talks on German Financial Contribution to Defense to the Acting Secretary of State[1]

SECRET LONDON, November 15, 1951—midnight.

2375. From USDel Ger fin. Comite on Ger financial contribution defense considered Nov 16 report of working party on Allied costs.[2] Report includes considerable analytical material and comparisons on costs of respective Allied Forces, but does not provide material on number of points comite instructed to submit Embtel 2239, Nov 7, rptd Bonn 44, Frankfort 316, Paris 976.[3]

US pressed for elimination of some specific types of expenditures in budget in initial approach to Gers in order to make clear that defense costs do not represent occupation costs under different name. Brit agreed to drop Emb costs (which they said accts for about two-thirds of 9 million pound figure of Control Commission costs). However, both Brit and Fr felt it wld be difficult to eliminate other specific items in view of divergent practices Allied Forces. They believed that polit difficulties with Gers cld be met by reducing costs from present levels. They felt this cld be done in a number of categories by reduction to austerity levels, mentioning particularly construction.

US rep urged submission to Mins of recommendation which would guide HICOM in negots with Gers and give negots this leeway. He contd to feel that some cost elements shld be eliminated as objectionable to Gers but remarked that if Allies cld not agree on doing this, these eliminations wld occur as result of Ger objections in negots. He proposed that the instr to HICOM set forth minimum essential expenditures for support of Allied Forces which Gers shld provide without qualification. Allied expenditures beyond this wld be subject to negots and adjustment in light of costs of raising and equipping Ger units. He emphasized purpose in entire exercise was to obtain additional essential military strength for West and that financial arrangements must insure that Ger resources were not diverted from this essential task. If Allied costs other than bare essential minimum conflict with costs of raising Ger units, former must yield to latter.

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[1] Repeated to Bonn, Frankfurt and Paris for Byroade, OSR and TCC.

[2] No copy of this report, TCG(FD)P32, dated November 14, has been found in Department of State files.

[3] Not printed; it reported that a working party had been established to examine Allied costs in Germany and that it would prepare "figures on all costs items which any del believes shld be considered for possible elimination from Allied costs or considers will be questioned by Gers in negots." (740.5/11–751)

Both Brit and Fr said they had initiated studies as to methods of effecting reductions and were convinced, on the basis of studies to date, that these cld be substantial. Brit proposed adoption of instr to HICOM to reduce costs on formula which wld make allowance for troop build-up. They will present draft at mtg Nov 16 when discussions will be resumed.

In course of mtg, UK rep made a statement concerning decision at ministerial level concerning continuation of discussions on this subject with Gers.[4]

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[4] Stevens had stated that the British delegation had been authorized to participate in drafting the report to the Foreign Ministers and to agree to opening discussions with the Federal Republic. The U.S. delegation reported this in telegram 2374 from London, November 15 (740.5/11-1551).

CFM files, lot M-88, box 205, TGG(FD)P vol. II

Report of the Tripartite Group on Germany to the Foreign Ministers of the United States, the United Kingdom, and France

TOP SECRET [LONDON,] November 17, 1951.

TGG(FD)P 35

[1.] The Terms of Reference for the Tripartite Group on Germany were formulated by the Foreign Ministers in Washington and are attached at Annex A.[1] In accordance with the instructions given by the Foreign Ministers, the Tripartite Group commenced its meetings in London on 11th October. It has carried on its studies in collaboration with the Allied High Commission and has submitted the preliminary results of certain of its studies to the Temporary Council Committee of the North Atlantic Treaty Organization.

2. There are three elements in the problem referred to the Tripartite Group by the Foreign Ministers:

(*a*) *The total contribution to defence costs which should be made by the Federal Republic.*

The Group believes that a German defence expenditure in the N.A.T.O. fiscal year 1952/53 of D.M. 13 thousand million at assumed current prices would represent a use of German resources for defence comparable with that of the principal Western countries (including their expenditure outside Europe) and would not impose an unbearable strain on the German economy. In 1953–54 the comparable figure would be D.M. 15–15½ thousand million plus an adjustment for any price changes between October 1951 and 1953/54. This estimate was prepared on the basis of the existing rulings on the security control over German industry which are at present under revision. Some adjustment of the figures may be needed to take account of any new decisions on this subject. It will not be easy to induce the Federal Government to shoulder burdens of this magnitude.

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[1] Not printed; for the text of the terms of reference, see WFM T-5*a*, p. 1197.

(*b*) *Local costs of support of Allied Forces in Germany.*

Estimates have been submitted by the three Delegations of the costs of the support of the forces of their respective governments in Germany, and information has also been obtained regarding the estimated costs of forces in Germany of other N.A.T.O. countries. These estimates have been prepared on the basis of the existing practices in regard to meeting occupation costs, and do not take into account the liabilities which might be outstanding at the date of the changeover. For the German fiscal year April 1952/March 1953 they total some D.M. 7.4 thousand million (see Annex B attached[2]). This figure includes certain non-defence costs for which no claim would in future be made on the German budget viz. Embassy type expenditure.

The Group has examined the Allied estimates with a view to determining to what extent they could be reduced, in order to accord with the new political situation which will prevail when the contractual arrangements enter into force, as well as to insure that German resources can be made available to the maximum extent possible for meeting the additional expenses which will arise in connection with Germany's participation in defence. Because of the different practices by the various Allied forces, the Group has found difficulty in reaching any agreed recommendations on this subject, except that costs appropriate to representation through Embassies should not be borne by Germany. All three Delegations are agreed that, in future, the Allied forces in Germany must reduce their expenditure chargeable to the German economy to the minimum compatible with military efficiency. They agree that on this basis the sum that is to be demanded from the Federal Government as estimated above, could be substantially reduced. It will be necessary to insure that reductions on the same basis are applied to the forces of Belgium, Luxembourg, Denmark and Norway.

(*c*) *Costs of German Contribution to European Defence Force.*

In the negotiations taking place in Paris regarding the establishment of the European Defence Force, it is envisaged that there will be a common defence budget for all the member states of E.D.C. Such budget would cover the defence expenditure of the Community, including the cost of raising German units, and would be financed by contributions from the member states related on some basis to their national income with due allowance for certain other factors. This budget will have to be prepared on the basis of a common time-phased programme of strengths and equipment and will have to be approved by the Community. This budget will take some time to develop and no estimates of expenditures and contributions are available.

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[2] Not printed.

The Group has limited its studies of figures to the cost of raising German units which has been made the subject of an enquiry to the Screening and Costing Staff of N.A.T.O. on the basis of force requirements proposed by the Paris Conference in the light of recommendations of SHAPE. Preliminary figures developed by the S.C.S. have only recently been made available and give an estimate of the cost of building up by mid-1954 a German contribution to the European Defence Community to a target of 12 "Groupements" of ground forces, a front-line of 1,158 aircraft and a small naval contingent. This estimate (contained in SCS/16 Final[3]) indicates a total cost of $11,874 million (D.M. 49,871 million), of which $3,757 million (D.M. 15,779 million) would fall in the period April 1, 1952 through June 30, 1953, and $8,117 million (D.M. 34,091 million) in the 1953/54 period. Out of this total cost $7.7 thousand million (D.M. 32.3 thousand million) represents major matériel and equipment costs. These estimates are being revised by the Screening and Costing Staff. Furthermore, studies are being made as to the possibilities which exist of meeting major matériel requirements in the Federal Republic, and infrastructure requirements in Germany are being reviewed. (See Annex C.[4]) Results of these studies will probably not be available for some weeks.

3. In addition to the foregoing costs there are certain costs borne by the German budget which would qualify under NATO criteria as defence costs. These include military pensions, mobile police force costs and expenditures arising from the presence of military forces in Germany but not hitherto included as occupation costs. These will total about D.M. one thousand million in 1952/53.

4. Two major problems arise out of the creation of German units; (*a*) the source of their equipment and (*b*) the meeting of their costs. The Federal Republic will be unable to produce by mid-1954 sufficient matériel to meet the additional requirements resulting from the establishment of German units. The size of this matériel gap cannot even be estimated until decisions have been made regarding the security control of German industry and until further information is available about German industrial and constructional capacity on which enquiries are being made. It is however clear that the matériel gap during this period cannot be filled either by Germany alone or through the combined effort of the E.D.C. countries. The uncertainties about availabilities and sources of equipment required necessarily involve equivalent uncertainties as to the ultimate cost to be met in Germany.

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[3] Not found in Department of State files.

[4] The text of the memorandum appended as Annex C is that transmitted in Repto 5697, November 14, p. 1668.

5. A gap will also emerge between the totality of the defence burdens to be met from the German economy and the financial resources of the Federal Republic available for defence. The size of this financial gap and the time at which it will develop will depend in part on the volume of production of armaments to be undertaken by the Federal Republic and on the method by which the German contribution to the European Defence Community is assessed at the outset. It is however clear that even if the three Governments are able to convince the German Federal Government that a total contribution of the order of magnitude set out in paragraph 2(*a*) above should be made, and if the present plans are proceeded with in regard to the maintenance of Allied forces in Germany and the building up of a German military force within the European Defence Community, the total of the contribution to the European Defence Community and the costs of the support of other Allied forces in Germany will exceed the total German contribution. Whether the gap will occur by June, 1953, is still uncertain, but there can be absolutely no doubt that such a gap will occur during 1953–54.

6. The difficulties of the matériel gap described in paragraph 4 above pose a particular problem for the E.D.C. budget. The French delegation has stated that the size of this budget cannot be fixed until further progress has been made by the Temporary Council Committee which is examining the whole question of military requirements and economic possibilities and until decisions have been made regarding the availabilities of US aid. It is the intention of the member states of E.D.C. to work out arrangements which will enable the Community to fulfill its mission as soon as the treaty has been ratified, and until the budgetary institutions are in full operation.

7. In these circumstances the problem arises of whether and on what basis negotiations with Germany on a financial contribution to defence should begin before decisions have been reached on:

(*a*) the policy to be adopted for removing or bridging the gap between the total financial contribution which Germany can be called upon to make and the estimated costs of supporting Allied forces in Germany and the costs of German rearmament.

(*b*) the assessment of a German financial contribution to the E.D.C. budget.

In this connection it should be noted that it will not be until the negotiations with the German Federal Government have been started that German views and capabilities will be known; these will naturally be of great importance in assessing the extent of the problem and in the working out of solutions.

8. *Conclusions*

It was agreed by the three Delegations that:—

(i) Negotiations with the Federal Republic should begin as soon as possible.

(ii) A main object of these negotiations will be to secure from the Federal Republic a total contribution to the costs of defence which will represent a use of German resources for defence to an extent comparable to the use by the other principal Western countries of their resources for defence (including expenditures outside Europe). This is estimated at D.M. 13 thousand million for the N.A.T.O. fiscal year 1952/53 on the basis indicated in paragraph 2 above.

(iii) All Allied expenditure in Germany to be borne by the Federal Republic should be confined to defence costs and henceforth be reduced to the minimum compatible with military efficiency.

(iv) The opportunity should be taken at the forthcoming meeting with the Benelux Foreign Ministers in Rome to explain to them that reductions will have to be made in the costs of their forces in Germany on the same basis as those made by the Three Powers.

Solutions to the following problems have not been reached:—

(v) *The manner in which the German contribution to the European Defence Community should be assessed.*

[It is necessary to make some interim arrangement covering the period of the first year of operation of the contractual arrangements and the European Defence Treaty. If the German contribution is to be worked out on the basis described in paragraphs 2(*c*) and 6, there will be considerable delay before any discussions can take place with the Germans on the composition of the German defence contribution. Furthermore, if the German contribution to the European Defence Community budget in the first year should exceed the cost involved in raising and equipping German contingents and the cost of supporting the forces in Germany of other European Defence Community countries, the problem of the financial gap in Germany would be considerably aggravated. In these circumstances, the only practical course appears to be to relate the German financial contribution to the European Defence Community in this initial period to the actual costs referred to above, together with an appropriate contribution to the overhead expenses of the European Defence Community (i.e. the support of the administrative services of the European Defence Commissioner and his staff). U.S./U.K.][5]

[The German contribution to the European Defence Community should be determined according to the provisions of the Treaty establishing the Community and on the basis of the total budget resulting from the common defence programme. As explained in paragraph 6, transitional arrangements will be made to ensure that the Community will be in a position to fulfill its mission as soon as the Treaty has been ratified, but these arrangements should be of such a nature as not to prejudge the principles which will govern the organization of the Community and the operation of the common budget. French.]

(vi) ***The method of dealing with a situation in which the total German contribution is exceeded by the sum of the Allied and European Defence Community requirements.***

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[5] **Brackets throughout this document appear in the source text.**

[No priority should be established in favour of either category of expenditure (viz. Allied and European Defence Community) and a suitable method should be worked out either of reducing the total expenditure so as to bring it within the limits of available German financial resources, or of utilising other financial resources which may become available to meet the situation. Such a method should be devised while negotiations with the Federal Republic progress. (French/U.K.)] [His Majesty's Government cannot contemplate any additional burden on the U.K. defence budget or balance of payments in the first fiscal year or subsequently. (U.K.)]

[It is essential that a method be found which will permit German resources to be used for the purpose of creating additional military strength for the West in the form of combat-worthy German units. While certain Allied expenses in Germany should continue to be met by the Federal Government, other expenses should be assumed by the Allied Governments concerned, if necessary, to permit this objective to be achieved. It will not be feasible to obtain German agreement in the contractual arrangements to meet all types of Allied military expenditure which have hitherto been covered by occupation costs simply by the device of reducing the total expenditure to be borne by the Federal Republic. (U.S.)]

(vii) *The manner in which reductions in Allied costs should be effected.*

[Reductions in Allied costs should be achieved by a programme of economies by which the maintenance expenditure of each Ally in the German fiscal year 1952/53 is to be cut by at least ——[6] per cent, of the total of 1951/52 figures, after these have been adjusted to take account of the increases in average strengths between 1951/52 and 1952/53. (French/U.K.)]

[The proposed French/U.K. formula for reductions in Allied costs is not adequately related to essential military expenditure. It does not profess to be adequate to meet the gap and the question of reductions cannot be considered apart from the question of meeting the gap. (U.S.)]

9. *Recommendations*

The Tripartite Group recommend that the agreements set out in (i) to (iv) of paragraph 8 above should be approved and that the Foreign Ministers should consider the problems described in (v) to (vii).

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[6] Omission in source text.

Conference files, lot 59 D 95, CF 97

United States Delegation Minutes of the Tripartite Foreign Ministers Meeting at the Quai d'Orsay, November 22, 11 a. m.–2 p. m.[1]

SECRET [PARIS,] November 26, 1951.

PAR M–2

FRANCE
Deputy Foreign Minister
Maurice Schumann
Ambassador Bonnet
High Commissioner François-Poncet
M. Parodi
M. LeRoy
M. Alphand

UNITED KINGDOM
Foreign Minister Eden
High Commissioner Kirkpatrick
Mr. Frank Roberts
Ambassador Harvey

UNITED STATES
Secretary Acheson
High Commissioner McCloy
Ambassador Bruce
Mr. Perkins
Mr. Byroade

[Here follows the record of the first part of this meeting, in which the Foreign Ministers discussed the Austrian Treaty, printed volume IV. For the record of the second part, in which the Foreign Ministers discussed contractual relations with the Federal Republic, see page 1604.]

FINANCING GERMAN DEFENSE

MR. ROBERTS reported on behalf of the Tripartite Group which had been working in London on the question of financing German defense. He referred to the report of the group [2] and noted that although there was agreement on four points, the Group had been unable to agree on three points. He said that a meeting had been held on Tuesday (November 20) in an effort to bridge the differences but that it was not successful.[3]

MR. ACHESON said that he thought that the positions of the three governments were in fact closer together than they were at the time that the report was written. He said that it was agreed that the discussions with the Germans should commence without delay and that some kind of arrangement was required to initiate these discussions and that a final solution of the problems must be worked out only with the Germans. He said he thought that perhaps the passage of time and a transition period might help. He said that there was no agreement on how to handle a financial gap, but that nevertheless it might be possible during the first year to work out the problem so as not to have a financial gap. He said this would require a revision of the costs of the Allied Forces on a realistic basis and a new estimate of German costs in the light of what is possible.

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[1] Secretary Acheson and Foreign Secretary Eden were in Paris for the sixth regular session of the United Nations General Assembly.

[2] TGG(FD)P 35, *supra*.

[3] The meeting took place at the Foreign Ministry. Both the United States and France made proposals for dealing with the unresolved issues for German financing, but no agreement had been reached. Copies of these proposals are included as tabs D and E to document PAR D–7, dated November 21, not printed, but no record of the meeting has been found in Department of State files. (CFM files, lot M–88, box 160, PAR/documents 1–9)

MR. ACHESON then referred to a proposal which the U.S. Delegation had submitted to the other delegations on Tuesday, November 20. He said that he thought that this proposal offered a basis for handling the transition period. He noted that there was a difference between the U.S. position and that of the French Government in that the French had suggested that the transition arrangements be limited to a period of several months until such time as the EDC common budget is formulated. He said that the U.S. felt that the longer period was required and in fact that in our view, the EDC budget would take a longer period to be worked out. He suggested that the figure for the first year as proposed in the U.S. paper might be adopted as representing the Germans contribution to the EDC for the first year.

MR. ACHESON said that the differences as to the effecting of reductions in allied costs should be worked out by the High Commission in Germany.

MR. SCHUMANN said that he did not believe there were substantial differences between the three governments. The French also believed that it was desirable to initiate discussions to avoid any misapprehension on the part of the Germans as to the total defense burden which they would be expected to carry. He said that this burden would exceed the cost of maintaining allied forces in Germany, which Germany is currently bearing, even if such costs are reduced as the French believe they should be.

On the other hand, the amount which Germany should contribute in support of allied forces cannot be finally determined except in the light of recommendations by the TCC and after negotiations with the EDC.

MR. EDEN said that he agreed with Mr. Acheson's analysis of the problem. He also shared the hope that it would be possible to work out a defense program within German capabilities during the first year. He said that he was obliged to adhere to a Cabinet decision that although his government was prepared to go forward with discussions with the Germans, it must be clear that the U.K. cannot accept additional defense burdens. He said that this position would also have to be made known to the Germans during the course of the negotiations.

MR. ACHESON said that he thought that it would be wise to obtain a fixed agreement with the Germans covering a period of one year. For the year after that, he said it would be appropriate to take into account the recommendations of the TCC, decisions as to U.S. aid and other factors which would then be known.

Mr. Schumann said that he could not commit his government to this period without consultation. He said that the lack of information with regard to decisions of the TCC and with respect to the distribution of U.S. aid affected the French balance of payments as well as the German; that his government, therefore, was not in a position to take decisions in the light of the present confusion and lack of information.

Mr. Schumann felt that the High Commission had an adequate basis for proceeding with discussions with the Germans on the following three points: (1) the global contribution to be made by the Germans as calculated in terms of percentage of national revenue (viz. DM 13 billion), (2) the support for Allied Forces in Germany on a firm basis until agreement on a common EDC budget (Mr. Schumann said he could not now commit himself to a longer period), (3) the necessity for reducing allied costs in Germany so as to relieve the burden on the national budget of the countries concerned.

Mr. Acheson said that he did not believe that this would be an adequate basis for discussion with the German Government. He turned to Mr. McCloy and requested his opinion.

Mr. McCloy said that it might be a basis for opening the discussions with the Germans, to see how such discussions might proceed. He thought, however, that the German Government would wish to be informed specifically on how much would be required for the support of Allied Forces and how much as a contribution to the EDF and what type of priorities would be established.

Mr. Schumann said both questions were appropriate, but the answers were not available. He thought the High Commission could at least open the discussions with the information now at its disposal.

Mr. Acheson said that the real problem was to determine how much of a defense effort the Germans would be willing to make over and beyond their support of Allied Forces in Germany. For at least the initial period it would be necessary, he said, to relate this amount specifically to the effort which the Germans would make in terms of their own defense activities.

Mr. Schumann said it would be dangerous to identify the contribution of Germany to the EDC with the cost of raising and equipping German Forces. This would in effect amount to establishing a precedent for a German national military budget. He said that the German contribution to EDC must be approached in terms of sharing in a global budget and this in turn could not be worked out for the time being.

Mr. Acheson said that it was not possible to wait until the EDC budget is organized. He said that the Germans will not raise money for defense problems unless they know how it is proposed to use this money. He said that therefore during the first year, it would be necessary to work with the figures which could be worked out now. It can be done on a different basis next year after more information is available.

Mr. Poncet said that after April 1, 1952, German support of allied forces would be on a basis to be agreed upon with the German Government. In this connection, the three powers should attempt to keep their requirements to a minimum. However, there can only be general discussion of the additional expenses to be borne by the Germans over and above allied expenses, since the information relating to the German contribution to the EDC budget will not be available.

Mr. Eden said that he failed to see how the High Commission could proceed with negotiations with the Federal Government if specific figures were not discussed.

Mr. Schumann asked Mr. Acheson if he would be willing to modify his proposal to provide for a six months period instead of a one year period.

Mr. Acheson said that he felt that a one year period was required to permit the type of budgetary planning which is required. He pointed out that the German Bundestag would need to estimate a figure based upon probable costs of raising and equipping German units if it is to avoid the necessity of passing supplementary appropriations during the year. He emphasized that he agreed with the statement of Mr. Schumann that the German contribution to the EDC should not be identified with German military costs exclusively. He said that this statement might well be made to the Germans, explaining that the arrangement followed for the current year was an interim measure which would not be repeated in the future.

Mr. Schumann asked why it would not be feasible to discuss with the Germans their total defense contribution and the allied requirements computed on a reduced basis, leaving open the question of the Germans' own defense costs for the time being.

Mr. Acheson said that it would be easier all the way around if the Germans would readily agree to the DM 13 billion figure. He said, however, that they would have a number of questions as to why this amount was required and how it would be used. He said he thought that the data we now had could be used to convince the Germans that this amount of money is required in order to accomplish what must be done during the coming year and that the cost of what can be done will fit into this figure. What we need, therefore, he said is a decision to give the High Commission authority to open discussions with the German Government on this basis.

Mr. Eden said that he fully concurred with Mr. Acheson's remarks and wanted to know from Mr. Schuman whether he agreed or whether he did not agree.

Mr. Schumann said that he would appreciate being told again exactly what would be the basis for the division between the cost of supporting Allied Forces on the one hand and the EDF forces on the other.

Mr. Acheson said the answer was very clear: (1) Allied costs for the first year would be a fixed sum, computed on a real military basis with the elimination of frills. (2) The German costs would be the amounts which the German Government would spend on its own military participation in defense. (3) The total German defense contribution would be the result of adding the first two items together.

Mr. Acheson went on to say that the U.S. regretted the fact that Allied costs are treated as fixed, but in view of the British and French positions, there is no other position open.

Mr. Schumann said that this absolute priority in favor of support of Allied forces operated to penalize the defense forces of other countries.

Mr. Acheson said that there was no question of priorities. The question was how much the Germans themselves would be willing to spend on defense. He said that Mr. Eden and Mr. Schumann had made it clear that their governments would not be prepared to help the German Government meet the defense costs in Germany; therefore the figure to be negotiated with the German Government is how much it is willing to spend on defense.

Mr. Eden said he wished to emphasize that the French and Belgian forces would be treated on exactly the same basis as those of the U.S. and U.K.

Mr. Schumann said that the French and Belgian forces would receive their support from Germany through the EDC.

Mr. Eden said that his government would be willing as far as mechanics are concerned to have its support handled in the same way.

Mr. Schumann thanked Mr. Eden for the suggestion and said that a decision would, of course, depend upon the European Defense Treaty Conference.

Mr. Schumann asked Mr. Acheson again whether he would modify his proposal from one year to six months.

Mr. Acheson said that in view of the time schedule for reaching decisions on other related matters, and in particular the distribution of U.S. aid, he believed the proposal should be considered by the French Government in its present form. He asked that the ministers meet again in Rome to discuss the subject after it has been considered by the French Government. He also asked that the security issue be discussed in Rome.

Mr. Schumann said that as far as the financial question was concerned there would be an answer in Rome. He said that there would also be an answer on the position introduced on the day before by the U.S. Government with respect to security controls.[4] He said that his personal opinion was, however, that it would be much more difficult to reach an agreement on the question of security controls than on finance.

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[4] For the text of the U.S. proposals, see PAR M-1, p. 1715.

MEETING WITH CHANCELLOR ADENAUER

There was a brief discussion of the arrangements for the meeting with Mr. Adenauer which was scheduled to take place that afternoon.

MR. ACHESON suggested that as Mr. Adenauer would be accompanied by only three advisors, it would be desirable for the Allied ministers to restrict the number of advisors on their side as well. This was agreed.

MR. EDEN outlined an agenda for the meeting, which was approved.

MR. MCCLOY mentioned that the Chancellor might possibly raise the question of war criminals, although it was not on the agenda.

MR. MCCLOY handed around copies of a draft communiqué[5] and requested comments so that if an agreement were reached, it would be possible to give a copy to the Chancellor before the meeting. After some consideration of the draft, it was decided to take it up further after luncheon.

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[5] No copy of the draft under reference here has been identified in the Department of State files. For the text of the final communiqué released to the press following the Foreign Ministers meeting with Chancellor Adenauer, see p. 1607; for a report on the meeting with Adenauer, see telegram 3086, November 22, p. 1605.

Conference files, lot 59 D 95, CF 97

United States Delegation Minutes of the Tripartite Foreign Ministers Meeting at the American Embassy at Rome, Tuesday, November 27, 5–7 p.m.[1]

SECRET

PAR M-3

[ROME,] November 26, 1951.[2]

PRESENT

FRANCE
Foreign Minister Robert Schuman
M. Alphand
M. Parodi

UNITED KINGDOM
Foreign Minister Eden
Mr. Roberts
Mr. Crawford

UNITED STATES
Secretary Acheson
Ambassador Bruce
Mr. Perkins
Mr. Byroade
Mr. Nash
Mr. Reinstein

FINANCING GERMAN DEFENSE

MR. ACHESON asked whether it was desired to discuss the security question or the financial question first.

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[1] The Foreign Ministers and their advisers were in Rome for the Eighth Session of the NATO Council; for documentation on this session, see pp. 693 ff.

[2] So dated in the source text.

Mr. Eden suggested that the financial question be discussed first, since there was an agreed paper (PAR D-9 of November 27 [3]). It was agreed to discuss the financial question first.

Mr. Acheson said that he had read the agreed paper and did not understand paragraph 4. He wondered who it was who might undertake to explain it.

Mr. Eden agreed it would be helpful to obtain an explanation of that paragraph.

M. Alphand suggested that Mr. Reinstein explain the paper.

Mr. Reinstein said that at the meeting of the Foreign Ministers at Paris last week, a discussion took place concerning the problems involved in preparing a German budget on the one hand, and the common budget of the European Defense Community on the other.[4] The U.S. had submitted a proposal for identifying the actual cost of raising and equipping German forces and linking these costs to the first contribution to be made by Germany to the Community in the first year. This link between actual cost and the contribution was not acceptable to the French Government. Mr. Reinstein said that since that meeting, discussions had been held in an attempt to bridge the difference, taking into account the desire of the U.S. and U.K. Governments to have some certitude as to the extent of German obligations on the one hand, and the desire of the French Government on the other to avoid a direct link between German costs and the German EDC contribution. The language contained in the paper before the Ministers emerged as a proposed compromise. It establishes a procedure under which the European Defense Treaty Conference will assemble data relating to the cost of raising and equipping German forces in connection with a determination of the German contribution to the first common budget of the EDC. Mr. Reinstein suggested that perhaps M. Alphand would like to amplify his remarks.

Mr. Acheson said that his problem had to do with the language stating that it was necessary for the Federal Republic to be informed of the main lines of the first budget of the Community. He said he thought it might be difficult to obtain this information at an early date. It seemed to him that the Ministers were being asked to agree to a proposition which would give the German Government good excuse for delay, since they could justify their failure to take action on the grounds that they did not have information which the Foreign Ministers themselves said they needed.

Mr. Acheson said he thought it would be possible to present the facts to the German Government in such a way as to give them all the information they need without waiting for the common budget of the EDC to be worked out. He said that he thought that if you took the global contribution of DM 13 billion and deducted from it the amounts which would probably be required for the allied forces, this would leave some DM 7 billion for the European Defense Force. Since the French do not wish to link this figure to actual cost of equipping German forces, it could nevertheless be explained that at least this amount would be required for the raising of troops, the construction of infrastructure, and the production of equipment which would be required as a consequence of adding German units to the EDF. The cost of these items is considerably in excess of DM 7 billion, and it would thus be apparent that at least this amount would be required as a German contribution to the EDC.

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[3] For the text of PAR D-9, see PAR D-9*a*, *infra*, and footnotes thereto.

[4] For a report on this meeting, see PAR M-2, *supra*.

M. **Schuman** asked whether Mr. Acheson was suggesting any specific change in paragraph 4 of the paper which would express the ideas which he had put forward.

Mr. **Acheson** said that he was merely asking a question in order to understand the language of the paper.

M. **Alphand** said that paragraph 4 had in fact been drafted by the French Delegation in order to meet the wishes of the U.S. Delegation. He said that the U.S. Delegation had suggested that it would be desirable to present to the German Government a justification for the contribution which the Federal Republic would be asked to make to the EDC common budget in terms of how the money might actually be spent. M. Alphand said that he personally would be very happy to strike out the language in the paragraph and replace it with language conforming to the suggestion made by Mr. Acheson. It seemed to him that it would be quite difficult, given the present lack of information, to pull together the data contemplated. He thought it would be much simpler to develop the idea that a sum such as DM 7 billion would be clearly inadequate to meet the various requirements involved.

Mr. **Eden** said that he thought the language in paragraph 4 would in fact meet the point that M. Alphand had raised. However, he thought the language could be improved by changing the word "necessary" to "desirable".

Mr. **Acheson** (turning to Mr. Reinstein) asked whether it would in fact be easy to develop a first budget for the EDC which the paper said would have to be explained to the Germans before December 31, 1951.

Mr. **Reinstein** said that it would not be easy to do so. He pointed out, however, that it was contemplated only that the "main lines" of the budget would be explained.

Mr. **Acheson** said that he thought the redrafting of the paragraph might be undertaken by others in the light of the remarks which M. Schuman, Mr. Eden, and he had made.

M. **Schuman** said he thought that the drafting change proposed by Mr. Eden was very helpful, since it removed the concept of necessity which might, in fact, provide the Germans with an excuse for delay.

Mr. Eden said he did not think it was necessary to be unduly concerned with the phraseology of the paper. It was his understanding that it would serve as a basis for preparing instructions for the High Commission and would not in fact be discussed with the Germans in its present form.

Mr. Acheson proposed a redrafting of the opening sentence of paragraph 4 of the paper to read as follows:

> "Discussions with the Federal Chancellor on the German financial contribution should begin at once and be concluded as rapidly as possible. In these discussions, it would be useful for the Federal Government to know the main lines of the first budget of the Community, regard being had to the German contribution established in accordance with paragraph 3 above."

Mr. Acheson said that the proposed language incorporated the change suggested by Mr. Eden and also emphasized the desirability of getting discussions with the Germans going as soon as possible and finished without delay. The proposed change in language was agreed.

Mr. Acheson said that there still remained the logical difficulty created by the second sentence which said that the Germans should receive information by December 31 which they would need to use in completing another negotiation which also was to be completed on December 31. He said that this problem could perhaps be handled in the instructions to the High Commission.

M. Schuman said that there was another problem in the paper. The French Delegation proposed that paragraph 3 be changed to read as follows:

> "The amounts to be paid by the Federal Republic during the German financial year 1952/53 for the support of forces of each of the Allied Powers, as thus established, will not be subject to reduction."

M. Schuman said that M. Alphand would explain the purpose of the change.

M. Alphand said that the forces of the countries who were members of the EDC would be supported through the EDC common budget, and would no longer be paid out of the national budgets. It was contemplated that the cost for supporting the allied forces, whether the countries involved were members of the EDC or not, would be reduced. The French Delegation felt that it would be desirable to have the same principles apply in other respects as well to the forces of the different allied countries, whether they were members of the EDC or not. The fact that the forces would be paid through the EDC should not, in his opinion, operate so as to affect this result.

The change proposed by the French Delegation was agreed. The paper thus modified was then approved by the three Foreign Ministers.

[Here follows the section of these minutes in which German security controls were discussed, printed pages 1721–1728.]

Conference files, lot 59 D 95, CF 97

Decision on German Financial Contribution to Defense[1]

SECRET ROME, November 27, 1951.

[PAR D–9*a*]

1. The Federal Republic should undertake to make a total contribution to the costs of defense representing a use of German resources comparable to the use by the other principal Western countries of their resources for defense (including expenditures outside Europe.) The contractual arrangements should establish the amount of such total contribution for the German financial year 1952/53.

The three Ministers approve the conclusions of the Tripartite Group on the total contribution to be sought from the Federal Republic (estimated at DM 13 thousand million for the N.A.T.O. year 1952/53).[2] The High Commission should use these conclusions as a basis for the negotiation.

The Federal Republic should in addition undertake to re-examine with the three Governments the figure agreed for its contribution in the first year if, as a result of a general agreement among the N.A.T.O. countries, these countries increase their defense efforts.

2. Further, the negotiations with the Federal Government should aim at obtaining an undertaking from the Federal Republic to cover the costs for the German financial year 1952/53 of the support of Allied forces stationed in Germany, it being agreed that these costs will be confined to defense costs and reduced to the minimum comparable with military efficiency. The methods to be adopted to achieve the necessary reductions and economies will be worked out by the Allied High Commission in consultation with the Allied military authorities concerned.

The amounts to be paid by the Federal Republic during the German financial year 1952/53 for the support of forces of each of the Allied Powers, as thus established, will not be subject to reduction. The procedure by which the amounts for the support of the forces of the Allied Powers not members of the Community will be paid after the entry into force of the Treaty setting up the European Defense Community, and in particular the question whether they will be paid through the European Commissioner for Defense, will be worked out at the appropriate time by agreement among the parties concerned. After the entry into force of the Treaty establishing the European Defense Community the costs for the support in Germany of the forces of countries belonging to the Community, will be paid through the common budget.[3]

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[1] Attached to the source text was a cover sheet, not printed, which stated that this decision had been approved by the Foreign Ministers on November 27 and was designated PAR D–9*a* in the records of the delegation. The earlier draft of this decision, PAR D–9, also dated November 27, which is referred to in PAR M–3, *supra*, is indicated in the following footnotes.

[2] For the text of TGG (FD) P 35, see p. 1670.

3. The Federal Republic will pay, as its contribution to the European Defense Community, the amount established as its total contribution to defense, less the agreed amounts for the costs of the support of Allied forces stationed in Germany (unless it has been agreed that these payments shall be made through the Commissioner), and less costs borne by the German budget which may be considered to be defense costs under N.A.T.O. criteria but are not included in the budget of the Community (police, military pensions, etc.).[4]

4. Discussions with the Federal Government on the German financial contribution should begin at once and be concluded as rapidly as possible. In these discsusions, it would be useful for the Federal Government to know the main lines of the first budget of the Community, regard being had to the German contribution established in accordance with paragraph 3 above. Accordingly, the French Government will request the Paris Conference to prepare as soon as possible, so that use can be made of it before the 31st December, 1951, an appropriate estimate of the expenditures and receipts of this common budget for the first year.[5] In the preparation of this estimate, use will be made of the reports to be drawn up by the Allied High Commission as a

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[3] In PAR D–9 this paragraph read:

"The amount to be paid by the Federal Republic during the German financial year 1952/53 for the support of forces of each of the Allied Powers not members of the European Defense Community, as thus established, will not be subject to reduction. The procedures by which these sums will be paid after the entry into force of the treaty setting up the European Defense Community, and in particular the question whether they will be paid through the European Commissioner for Defense, will be worked out at the appropriate time by agreement among the parties concerned." (Conference files, lot 59 D 95, CF 97)

[4] In PAR D–9 there was an additional sentence to this paragraph which read: "After the entry into force of the Treaty establishing the European Defense Community the costs for the support in Germany of the forces of countries belonging to the Community will be paid through the common budget."

[5] In PAR D–9 the first part of this paragraph read:

"4. The three Governments recognize that it will be necessary for the Federal Government, during the course of the negotiations on the contractual arrangements, to know the main lines of the first budget of the Community, regard being had to the German contribution established in accordance with paragraph 3 above. Accordingly, the French Government will request the Paris Conference to prepare as soon as possible, and in any case before December 31st, 1951, an approximate estimate of the expenditures and receipts of this common budget for the first year."

result of the request of the Temporary Council Committee, regarding the German capacity for meeting industrial and infrastructure requirements (EB-D/44 of 14th November, 1951), insofar as the contents of these reports make it possible.

5. For the period beyond the first year, the contractual arrangements should provide a continuing obligation on the part of the Federal Republic in respect of the support of the Allied forces in Germany, and of its contribution to the European Defense Community. The terms of this obligation should be worked out by the Allied High Commission in the course of the negotiations.[6]

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[6] On November 28 a copy of this decision was transmitted to McCloy as an enclosure to a letter from Byroade. McCloy was informed that the decision completed paragraph 12 of the Foreign Ministers instruction to the Allied High Commission, dated September 13, 1951 (see WFM T-5*a*, p. 1197 and footnotes thereto) and that the Foreign Ministers agreed that negotiations with the West German representatives "should begin at once on the basis of this decision." (740.5/12-351)

740.5/12-1551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET BONN, December 15, 1951—9 p. m.

748. Subj: German financial contribution to West defense.

1. In accordance with para 1 of Bonn sent Dept 641, rptd Berlin 105, Paris 227, London 182 of Dec. 6,[2] Poncet, as Chairman Commissioner, read to Adenauer at our mtg with him 14 Dec statement which outlined Rome decisions this matter.[3] (Text of statement which was only read and not handed to Adenauer being airpouched). Poncet stressed need to keep contents and figures cited confidential. Adenauer agreed.

2. In brief reply Adenauer who had previously been briefed by Poncet on the extent of contribution expected made no particular difficulties altho expressed doubt that FedRep wld make such a contribution and reminded mtg that Allies had limited Federal Govt's revenue raising powers as a means of preventing the federation from becoming too powerful vis-à-vis the *Laender*. This constitutional problem caused him great difficulty, as an amendment to basic law wld require two-third's of Bundestag (i.e., agreement of opposition) and agreement of *Laender* to renounce certain of their sources of revenue.

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[1] Repeated to Berlin, Paris, and London.

[2] Not printed; it reported that at a meeting of the Allied Council on December 6 it had been agreed to approach Adenauer concerning a German financial contribution. At the same meeting High Commission representatives for the talks were chosen and a draft statement to be made to Adenauer was discussed. (740.5/12-651)

[3] *Infra*.

He expressed considerable doubt as to whether such an amendment wld be accepted.

With respect to appointment of a chief Ger negotiator, Adenauer replied that he wld contact Abs (head of FedRep delegation debt commission) and wld inform Allies by Monday if appointment of Abs could be made. (General agreement was reached at informal council mtg prior to Adenauer mtg that Abs wld be an acceptable appointment and certainly better from Allied point of view than appointment of Schaeffer).

3. Cable report of other items discussed with Chancellor follows verbatim text.

McCloy

740.5/12-1551

Statement Made by the Chairman of the Allied High Commission for Germany[1] *to Chancellor Adenauer*

SECRET Bonn, December 14, 1951.

(Refer Bonn cable to Department dated 15 December 1951.[2])

1. You will recall that at your recent meeting in Paris with the three Foreign Ministers Mr. Acheson made a statement about the Federal Republic's financial contribution to defense and said that the High Commission would soon be opening discussions with your Government on the subject.[3] You replied that you and your Government were ready to work as quickly as possible to secure a rapid and satisfactory agreement. Since the Paris meeting, the Foreign Ministers have met and discussed the matter further in Rome and we are now in a position to inform you of the principles which they have instructed us to follow in negotiating a Convention on this aspect of the contractual arrangements.

2. You, yourself, have been prompt to recognize that the establishment of the new relationship on which we are now working, and under which the Federal Republic will be progressively associated with the West on a basis of equal partnership, must involve an equitable sharing of defense burdens. Thus, as Mr. Acheson said in Paris, the basic principle from which our negotiations for a defense contribution must start is that the Federal Government should undertake to make a total financial contribution to the cost of defense representing a use of German resources comparable to the use by the other principal Western countries of their resources for defense, including expenditure outside Europe. If this principle is to be properly applied, the Federal Gov-

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[1] François-Poncet.

[2] Telegram 748, *supra*.

[3] Regarding the Foreign Ministers meeting with Adenauer on November 22 at Paris, see telegram 3086, November 22, p. 1605.

ernment's financial contribution will have to be adapted to a steadily increasing effort which the other principal Western countries will make for the common defense. For the first period, up to 31 March 1953, it will be necessary to establish in the Convention the amount of that contribution.

You will be aware that, in years immediately ahead of us, economic and financial defense effort of West will build up to very high levels. According to the best estimates available to us, the global defense expenditures of all NATO governments combined are now rising to an annual sum of approximately $90 billion, or more than DM 360 billion, and a very large percentage of this is localized in Western Europe and in Western Germany in particular. The Allied share in this effort is particularly great. Thus, the United States costs budget amounts to $62 billion for the fiscal year 52–53 or DM 250 billion. The Government of the United Kingdom for its share envisages a total expense of 4,700 million pounds or DM 55 billion for its three year program, and the French Government intends to devote approximately 1200 billion francs or approximately DM 14.5 billion for the year as of 1 January 1952. Taking this fundamental order of magnitude as a guide and working from the principle of equitable sharing of defense burdens, it should be possible for our negotiators to establish a figure for a defense contribution by the Federal Government for the next financial year. To do so they will have to consider prospective gross national produce of the Federal area and take account of the economic, financial and social situation in Western Germany and of similar information which has been furnished by other governments of NATO countries. The High Commission has already received from government conclusions of comprehensive studies which have recently been made by them in order to arrive at an estimate of a fair defense contribution by the Federal Republic. (In best Allied judgment a reasonable figure for such a contribution for NATO fiscal year July 1952 to June 1953 is DM 13 milliard). Our representatives will be very glad to discuss these studies with your representatives during the course of the negotiations on this part of the proposed Convention.

3. The negotiations will also have to cover the form in which the Federal Republic's contribution can best be made in order to bring the maximum advantage to the common defense purpose. In general, it should be spent during the first year partly on a contribution to the common budget of the EDC, partly on the support of Allied forces stationed in Germany and, in a lesser amount on certain expenditures borne by the Federal budget which may be considered to be defense costs under NATO criteria. Thus the contribution will be devoted partly to the so-called infrastructure requirements in Western Germany of German contingents in the EDF, of non-German contingents in that force and of the NATO forces; it will be devoted partly to

meeting current operating and procurement costs of the above categories of forces and partly to expenditure in the Federal area on such items as certain police forces and certain military pensions.

As regards the Federal Government's contribution to the common budget of the EDC, the Foreign Ministers decided in Rome to ask the Paris Conference to prepare by the end of this month an approximate estimate of the expenditures and receipts of the budget for the first year. It will then be possible for our negotiators to determine what would be the amount of the Federal Republic's contribution to the EDC for the first year. It is of course anticipated that, after entry into force of Treaty establishing EDC, costs for support in Western Germany of forces of countries belonging to Community will be paid through the common budget.

It is the desire of the three Governments to provide in the Convention with which we are now concerned for a continuing obligation on the part of the Federal Republic in respect of its contribution to the EDC and of the support of the Allied Forces in Germany. The Convention should also include, in the view of our Governments, a specific undertaking from the Federal Republic to cover the costs for the Federal financial year April, 1952 to March, 1953 of the support of Allied Forces stationed in Western Germany, it being understood that these costs will be confined to defense costs and reduced to the minimum compatible with military efficiency and at being further understood that the amount of these costs as thus established will not be subject to reduction. The representatives of the High Commission will be instructed to consider with your representatives how these matters can best be covered by the proposed Convention.

4. The High Commission has appointed Mr. Michael S. Harris, of the Office of the United States High Commissioner, as *Rapporteur*, and M. Paul LeRoy-Beaulieu and Mr. Eugene Melville, of the Offices of the French and United Kingdom High Commissioners respectively, as assessors, of an Allied Group to negotiate on the Convention on Economic and Financial Defense Participation. In view of the importance of the whole of our contractual arrangements of reaching early agreement on the terms of this Convention, it would be greatly appreciated if a chief German negotiator could be appointed immediately and the High Commission advised accordingly so that negotiations can begin without delay.

740.5/12-2051 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET
PRIORITY

BONN, December 20, 1951—10 p. m.

829. Fol is report first mtg negots defense contribution. Comments will follow.[2]

Verbatim text Agreed tripartite report of first mtg of *rapporteur* group on Ger fin contribution to western def held Dec 19 at office of FinMin Schaeffer.

Schaeffer stated cabinet had appointed himself and Blank to act jointly as *rapporteurs* for Fed Rep. Ger position is as follows:

(1) Ger is prepared to make a maximum contribution to western def in accordance with the same formula applicable to all other countries. The contribution shall be determined through EDC on a basis of complete equality with all other countries.

(2) As a participant in EDC Gers obligation in respect to the def contribution is directly to EDC. Consequently Ger will negot in the framework of EDC on following matters:

(*a*) Total Ger contribution.
(*b*) Logistic support.

(3) Gers relationship to non-EDC forces stationed in Ger will be through EDC. Ger reps explicitly stated that fin and logistic support for non-EDC forces stationed in Ger are responsibility of EDC and not a unilateral Ger responsibility. Thus Ger would make her total contribution to the common budget and all costs for defense including costs of non-EDC forces wld be contributed to and paid from the common budget.

(4) Ger accession to EDC in itself fulfills Gers responsibilities for a defense contribution and there is no need for a separate convention as an integral part of the contractual agrmts. In Gers view this matter is already provided for in the gen agrmt.[3] In the event the provisions of the gen agrmt are not deemed sufficient a simple statement affirming Gers accession to EDC and her responsibilities thereto will suffice.

In support of this position Schaeffer and Blank made the following argument:

(1) Dual negots on the same range of topics in Paris and Bonn will be extremely confusing and unmanageable. If Ger is compelled to agree upon a maximum contribution in the EDC context and then an additional contribution for the support of allied troops she is in effect committed to contribute an excessive, inequitable amt beyond her capacity.

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[1] Repeated to Paris and London.

[2] Telegram 830, *infra*.

[3] For documentation on the negotiating of a general contractual agreement with the Federal Republic, see pp. 1446 ff.

(2) Alternatively if Ger is obligated to negot separately in Paris and Bonn she might be impelled to minimize her contribution to EDC below the amt which wld represent a contribution comparable to that of other countries in order to allow for allied costs.

(3) It will be politically difficult to obtain ratification on two agrmts one of which (support of non-EDC forces) will appear to the Ger public to be a disguised form of continued occupation costs.

(4) EDC provides the only mechanism whereby Ger can negot on her def contribution on the basis of equality. The Ger delegates to the Paris EDC conference had been advised that EDC is the proper forum to discuss the amt and conditions of Gers defense contribution.

In reply to Ger argument the allied *rapporteur* group said the following:

(1) Gers defense contribution is but one aspect of her changed status resulting from the contractual negots (hence this is a matter for agreement between the occupying powers and Ger and must be covered by a convention).

(2) Gers were informed that this was a contractual matter on several occasions beginning with the submission months ago of the list of conventions to be negotiated which included one on the defense contribution. The allied position was made clear to the Chancellor in the Paris conference of the foreign ministers and in the mtg with the High Commission on Dec 14. At no time was this concept challenged or objected to by the Ger Govt.

(3) The HICOM has been instructed by the foreign min as a result of the decisions in Rome to negot a convention covering the amt and composition of Gers contribution.

(4) We are aware of the mechanical difficulties resulting from the fact that a common budget, its magnitude and form have not as yet been established. We do not believe that this places Ger in double jeopardy and that its major consequence is to require coordination between the negots in Bonn and the negots in Paris. The negots in Paris include the fixing of Gers contribution to EDC. The negots in Bonn are to fix the total amt of the contribution, Gers continued obligation in respect to western def. and the specific composition of her contribution for the first year. We stated that we believed that the total contribution of 13 billion DM wld provide in the first year for Gers contribution to EDC, support of non-EDC forces stationed in Ger and for other costs recognized under NATO standards as legitimate def costs.

Blank at one point said negots in Bonn completely destroyed the basis for his negots in Paris and he saw no purpose in attending Dec 20 conference or in continuing negots to estab a common budget. We strongly urged Blank to attend the meeting and to continue negots for a common budget. We pointed out that in our opinion this matter was more one of coordination than conflict.

It was agreed to await the outcome of the EDC conf on the 27th and 28th of Dec but that we wld in the meantime discuss Gers capacity to pay.[4]

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[4] For documentation on the EDC Conference December 27–30 at Paris, see pp. 755 ff.

Schaeffer agreed to meet Dec 21st and indicated his ideas on an equitable distribution of the defense burden. Using net social production at market prices per capita, Schaeffer determined that of a total bill of 100 percent for western def each country wld pay the following percentage;

UK	38.1
France	26.1
Germany	17.3
Italy	7.8
Belgium	6.3
Netherlands	4.2
Luxembourg	0.2

McCLOY

740.5/12–2051: Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET BONN, December 20, 1951—10 p. m.
PRIORITY

830. Ref Bonn's 829 to Dept rptd Paris 272, London 214, Dec 20, 1951.[2] Yesterday's mtg vividly illustrated certain problems that must be settled before negots Ger def contribution can make real progress. First mtg became completely bogged down on issue of respective roles of Bonn and Paris discussions. Until this matter clarified anticipate discussions here will not get into heart of problem. Mtg also demonstrated Gers ill prepared for negots. Blank obviously influenced exclusively by his relationship to Paris conf and unaware of Ger obligations arising out of contractual negots. Serious deficiency on Ger side is absence of *rapporteur* who can understand relationship of EDC negots to contractual negots and who has broader view than Finance Minister on size of def contribution. Most significant developments as reported in Reftel are:

(1) Ger desire that EDC negotiate with non-EDC forces in Germany and EDC (not Ger) contribution thereto. Blank repeated several times that since Germany's def role wld be exclusively in EDC, relationship of non-EDC forces was exclusively to EDC and not Germany. Therefore, EDC shld negotiate with non-EDC forces re logistic and financial support.

(2) Support, if any, for non-EDC forces will be met out of common budget through instrumentality of EDC.

(3) Gers believe their total contribution will be less if negotiated in EDC context instead of with HICOM in context of contractual relationships.

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[1] Repeated to London and Paris.

[2] *Supra.*

(4) Fr reps apparently in agrmt with Ger view that non-EDC forces wld have direct relationship to EDC and all related questions, such as financial contribution and logistic support, are properly responsibilities of EDC and not Germany.

Believe we shld be guided by fol principles:

(1) Germany's obligation to contribute to Western defense is a prerequisite to her change in status and, consequently, her obligation is to occupying powers. Therefore, her continuing obligation must be fixed in a convention. Total amount to be contributed and composition contribution shld be negotiated in Bonn by HICOM. Convention shld fix contribution for at least first year. After EDC is fully developed it may be desirable for contribution to be fixed entirely in context of EDC, but final decision this matter shld await evaluation EDC treaty.

(2) Vitally necessary we maintain consistency between negots in Paris which, in our view, are to determine EDC contribution and not total contribution. In interest of coordination, *rapporteur* group unilaterally or on tripartite basis plans to be in Paris for mtgs Dec 27 and 28.

(3) We will continue to negotiate here on details, but are not hopeful of getting into meat of problem until after Paris mtgs.

(4) There may be some real merit in Schaeffer's contention that it wld be politically difficult to pay amts for support of non-EDC forces directly to those forces. FonMins instructions left matter open. Believe we shld be prepared to consider this again on governmental level in event Ger desire that support of non-EDC forces be paid through EDC becomes real stumbling block.

McCloy

740.5/12-2251 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET
PRIORITY

WASHINGTON, December 22, 1951—5:04 p. m.

3646. Brit Emb approached Dept Dec 21 [2] with request we join UK in representations to Fr Govt urging Fr to stand by Rome decision on Ger fin contribution to defense and to resist Ger position set forth in Bonn's 829 Dec 20 rptd Paris 272 London 214.[3] While we do not favor any formal approach or representations to Fr, believe you shld make clear to them we support position taken by Allied *rapporteurs* in Bonn on basis Rome decision and expect them to do same.

We believe principles set forth in Bonn's 830 Dec 20 rptd Paris 273 London 215 [4] are correct and consistent with position taken by US in earlier discussions. Re point (1), three powers are acting for NATO in working out basis for Ger participation in defence. Furthermore, since three powers are providing for defence of Fed Rep entirely appropriate that Fed Rep shld promise them to make equivalent defence effort and to assist West defence forces in Ger while Ger contribution to EDC being developed.

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[1] This telegram was drafted by Reinstein, cleared with Byroade and Martin, and repeated to Bonn and London.

[2] A memorandum of Porter's conversation with Reinstein is in file 740.5/12-2151.

[3] *Ante*, p. 1691.

[4] *Supra*.

In dealing with Gers, care must be taken not to give impression we are opposed to common budget for EDC based on principle of econ capability. However, it is clear that, if Gers insist on making such an arrangement effective at outset and bringing support of non-EDC forces into common budget, grave danger exists to conclusion of arrangements at any early date. We see no possibility of reaching agt which does not provide for transitional period during which support for non-EDC forces is continued on reduced basis. Without such arrangement, Brit agt cannot be obtained and compromise reached at Rome wld be jeopardized. On other hand, we do not believe that EDC countries other than Ger wld agree to make support of non-EDC forces in Ger responsibility of Community and hence theirs.

Ger proposal to make support of non-EDC forces responsibility of EDC to be handled in common budget wld, in our view, substantially protract and complicate current negots and indefinitely delay agt on both contract and EDC. Question of longer-term relations between EDC and non-EDC countries must, for most part, be left to later negots. You will recall that Secy objected at Rome to tying contract provisions on fin contrib to common budget on grounds this wld delay entire project (ref Secto 99 from Rome Nov 28 rptd Bonn 15 Paris 331 London 243 [5]).

Re point (4) of principles in reftel, we agree we must be prepared to consider payment through EDC as matter of mechanics. Acceptability of any such arrangement, either to EDC countries or to US and UK, will depend on how arrangement in gen is worked out. Doubt that we shld commit ourselves at this time further than to indicate willingness to consider such arrangement in context generally satis settlement.

ACHESON

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[5] Not printed; for a record of the discussion under reference here, see PAR M-3, November 26, p. 1681.

740.5/12-2251: Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET NIACT BONN, December 22, 1951—4 p. m.

849. Second mtg *rapporteur* group Ger defense contribution held yesterday with Schaeffer as Ger *rapporteur*, since Blank attending

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[1] Repeated to Paris and London.

Paris EDC conferences. Schaeffer said govt recognized defense contribution will be subj of convention negotiated in Bonn.[2] However, convention will be affected by the Paris negots on the EDC common budget which Schaeffer hopes will be resolved by Dec 30, and its scope determined by the success or failure of those negots. Schaeffer then outlined his ideas of the outstanding issues.

He said the main item of expenditure wld be for troop support. He assumed there wld be complete standardization for all troops, EDC and non-EDC in respect to barracks and the whole range of items included in infrastructure. He assumed EDC wld bear the entire costs of infrastructure and there wld be no separate Ger contribution thereto. For example, the Ger transportation system wld be placed at the disposal of all forces, irrespective of nationality or membership in EDC. However, reimbursement for transportation wld be in accordance with EDC criteria. He expected that the Paris negots wld result in setting a figure for Gers contribution to EDC which wld fully exhaust Gers capacity to pay and thus completely acquit her of her responsibilities for a defense contribution.

Having made this statement he then asked us for a detailed synopsis of the data and thinking that led to our request for a 13 billion DM contribution. He assumed that the reasons were similar to those which led to Buttenwiesser's statement that Gers GNP for FY 1952/53 wld be 127 billion DMs and that Gers contribution to defense shld be 10 percent of that figure or roughly 13 billion DM.[3] He said under no circumstances could Ger consider a contribution in the magnitude of 10 percent of her GNP because this wld represent a gross injustice in the light of the contributions of other countries and an exhaustive financial burden which he, as Fin Min, deemed disastrous.

He dwelled at length on the dangers of inflation and came to the conclusion that a contribution even remotely approaching the magnitude of 13 billion wld result in run-away inflation and the immed spread of Communism throughout Ger. He made much of the refugee problem and claimed that it was of international origin and, consequently, an international responsibility to be recognized as such and considered an offset to Ger's defense obligations. Schaeffer assumed the TCC wld continue negotiating with each of the NATO countries on their capacity to contribute. He believed that EDC, after a common budget was established, wld then negotiate with TCC on behalf of the EDC countries.

We informed Schaeffer that the TCC negotiations were concluded in that a report had been made and TCC's remaining function was to obtain action on its report.[4] We said that since Ger was not a member of NATO, the negots with the *rapporteur* group were in effect similar to the negots which FEB and TCC have concluded (altho not an actual delegation of responsibility). We disabused him of any notion of a Ger appearance before TCC. We reiterated our previous statement that we expected a convention to be negotiated in Bonn fixing the amt of Ger's total contribution, logistic support and the composition of their contribution. We asserted that Schaeffer was starting negots on the wrong basis, i.e., he concerned himself solely with the Ger burden and seemed not at all concerned about the problem of sharing the total costs of the common effort. We suggested that he discard traditional Fin Ministry conceptions of an acceptable budget and accept immed the necessity for sacrifice in view of the common need. We pointed out that Ger was by far the greatest benefactor of an association with the western world and that this association in itself lightened the load which Ger wld otherwise have to meet. We said that if the polit sitn were such that Ger had to defend herself alone he, as Fin Min, wld immed find ways and means of meeting a bill far in excess of the contribution asked of him, and that this had been adequately demonstrated by Ger's previous record.

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[2] Apparently this change in Schaeffer's position was the result of a conversation between McCloy and Adenauer on December 19 during which the Chancellor agreed to center at Bonn all negotiations on the German financial contribution. This was reported in telegram 832 from Bonn, December 20 (740.5/12–2051).

[3] The statement under reference here has not been identified further.

Because we were unable to divulge the basis on which the other countries contributions had been set, we did not believe it feasible to inform Schaeffer of the specific method used to arrive at the 13 billion DM figure. We justified the figure on other grounds, pointing out that Ger alone of all Eur nations could substantially expand her economy by utilizing presently un-utilized resources in the form of unemployed labor and industrial capacity. We said Ger wld see a substantial increase in GNP under the stimulus of demand created by the defense contribution and that refugees, far from being a burden, wld be a strength in that they wld be a decisive factor in increasing Ger's GNP. The mtg concluded with an agreement that the Allied *rapporteur* groups wld go to Paris and meet with Schaeffer there on the 29th or 30th. We will exchange data and, in the light of the EDC conference decisions, determine further procedure. Schaeffer seems to have given up all ideas for a vacation and now appears to be agreeable to negotiate after the EDC mtg on a daily basis until a contract is completed.

Altho Schaeffer did not bring out his ideas that Ger's contribution shld be financed in part by an international loan we believed we should step hard on this suggestion at once. Consequently we told him Ger must meet her rightful obligations out of her own resources and not attempt to transfer them to her partners. Thus she should not think in terms of an international loan to finance her contribution. Schaeffer did not relish our ref to this point and found it necessary to explain his ideas in this respect. He said the loan wld be floated in Ger but since there was no capital market here, it could not be successful unless it were guaranteed by other countries. We objected most strenuously to this proposal because it constituted a failure to recognize the fact that Ger must find ways and means of meeting her obligations out of her own resources in an amt comparable to that of the other principal western countries.

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[4] For a summary of the Temporary Council Committee report, see p. 389.

Comment: Schaeffer's strategy is now quite clear. He believes Ger membership in EDC and the common budget mean the foll:

1. Ger's total contribution will be fixed by EDC.
2. EDC as a defense entity will assume all responsibility for all defense obligations of the member nations. EDC will determine common standards re support of all forces (EDC and non-EDC) in EDC countries. There can be no differences between the support accorded to and rights of EDC and non-EDC forces in an EDC country. Thus UK and US forces must accept the same conditions in Ger which are applicable to EDC forces.
3. Since EDC will set standards for logistic support there is no need for contractual convention this subj.
4. EDC will negotiate for and be the recipient of US aid and not the individual member countries.
5. Schaeffer undoubtedly hopes to finalize Ger's contribution to EDC during Paris mtgs. He will then claim this represents Ger's maximum defense contribution and has been accepted as such by EDC.

We are definitely handicapped because of our inability to divulge the contribution of other countries and the basis upon which they were set up. We shall again broach this subj in Paris and hope to obtain TCC's consent to make known the results of those deliberations. In the interim period we must present him with some figures and believe we should give him the submissions of the UK, Br and US to the TCC. Each element is unilaterally requesting authority from its own govt. If agreeable to you, pls cable soonest your consent to turn over US submission.

We are further handicapped by a difference between the Fr on the one hand and the UK and ourselves on the other on interpretation of the Fon Mins Rome instructions. We believe the instructions clearly indicate we are to negotiate Ger's contribution for the first year and her continuing obligation thereafter. The Fr assessor seems personally to agree with us but is uncertain of his country's position. He thinks it probable that Fr's reps in EDC have taken and will continue to take the position that Ger's obligations are to EDC, that there can be no differences in treatment between EDC and non-EDC forces in any country, and that Ger's primary obligation will be affirmed in the EDC treaty and not the convention to be negotiated in Bonn. The immed following tripartite cable sets out some of the differences and requests further instructions.[5]

McCloy

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[5] Telegram 850, *infra*.

740.5/12–2251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET NIACT BONN, December 22, 1951—4 p. m.

850. This is tripartitely agreed cable referred to in our Niact sent Dept 849 (and ECA) rtpd info Paris 276 (OSR) London 222.[2]

Verbatim text: "It seems clear after our first discussions with Schaeffer and Blank that the Germans are thinking along the fol lines:

The Fed Govt has no other def commitments to make than those that fol from its participation in EDC.

The amount of the Ger financial contribution for def shld be fixed by the Paris Conference which will also have to establish the amount of the contribution of the other member countries of EDC. The total contribution of each country shld be made to the common budget from which will also be met the whole of the def expenditures of the member countries.

The costs for the support of non-EDC Allied Forces stationed in Germany shld, therefore, be paid from the common budget and wld not constitute a specific obligation of Germany but an obligation of the community. It wld fol from this that forces could not enjoy in Germany other rights, privileges and support than those which are accorded them by other member countries of EDC on whose territory they are stationed. In effect an identical regime shld prevail in the whole territory of EDC.

This thinking is contrary to the instructions which were sent by the three Foreign Ministers from Rome and in effect if it is accepted then negotiations in Bonn wld have no object. We are all agreed, therefore, that it must be rejected. Nevertheless there is a doubt regarding the duration of the agreements to be concluded with the Fed Govt both on the rights and privileges of the Allied Forces as well as on the procedure for giving financial and material assistance.

The UK and the US believe the convention negotiated in Bonn shld contain a provision making it possible, but not automatic, to revise the convention after the EDC and the common budget come into force. We believe this essential because:

(1) The German obligation for a defense contribution must be an obligation to the occupying powers and not to EDC.

(2) This obligation cannot at this time be delegated to EDC nor can it automatically be changed as a consequence of EDC decisions to which the US and UK are not parties, and

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[1] Repeated to Paris and London.

[2] *Supra*.

(3) An automatic revision stated at this time will prejudice the negotiations in Bonn. The Germans will seek every opportunity in the EDC negotiations to fix conditions more favorable to them than those asked in the Bonn contract, and I thus oppose the Bonn demands on the grounds that the possible divergence between the EDC agreements and our demands will be politically impossible of resoultion.

The Fr representative raises the question whether it is not necessary to have an automatic revision clause. The Regime covering the EDC Allied Forces will be fixed by the EDC treaty and it wld probably be difficult then to maintain a different regime for the non-EDC Allied Forces.

McCLOY

740.5/12-2251 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn[1]

SECRET
PRIORITY

WASHINGTON, December 26, 1951—6 : 41 p. m.

785. Ref Bonn's 849 and 850 Dec 22 rptd Paris 276 and 277, London 222 and 223.[2] We are not entirely clear as to nature of disagreements which have arisen re interpretation FonMins decision on Ger fin contribution to defense but hope fol will assist you.

1. Re tripartitely agreed msg contained ur 850, FonMins decisions Wash and Rome clearly specify contractual arrangements shld contain Ger obligation to make total defense contribution comparable to that of other principal Western countries. This undertaking wld be in gen terms. Same undertaking cld be given by Gers in EDC Treaty. Believe misunderstanding may have arisen on this point because it was originally contemplated by Fr (as reflected in Sept FM decision) that Ger EDC contribution wld be equivalent only to Fr expenditures for defense in Eur. More recently, Fr have apparently concluded EDC contribution by Fr and Gers shld comprise whole of their defense expenditures. However EDC Treaty is drafted, agreed Allied position is Ger obligation shld be included in contract.

2. It was contemplated in Rome discussions that gen undertaking shld be complemented by specific arrangements for first year, presumably to be incorporated in protocol, setting forth total contribution for year and distribution as between support of Allied forces and contribution to EDC.

3. There was discussion at Paris and Rome of possibility altering contribution in light more gen burden-sharing arrangements. This point was raised by Fr and was understood by us to relate to distribution Ger contribution rather than total amt. Possibility of adjustment was linked by Fr to common budget, which they envisaged wld be established in light of results of TCC exercise. It was agreed it wld be

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[1] This telegram was drafted by Reinstein, cleared by Margolies, and repeated to Paris and London.

[2] *Ante*, p. 1695 and *supra*.

undesirable include in contract any gen provision for revision Ger contribution on ground this might be seized upon by Gers as excuse for seeking downward revision of contribution. However, since it was recognized Ger contribution wld probably be minimum, provision for upward revision by mutual agreement was provided for in Rome decision.

4. Distribution of Ger contribution cld be altered by mutual agreement. It did not seem feasible to provide for this in contract. It was agreed at Rome any adjustments desired by any of the Allied parties wld have be raised in connection burden-sharing exercise.

5. Contract is also to contain Ger obligation bearing on distribution of contribution after first year. Primary purpose this clause (Para. 5, Rome Decision[3]) is to provide for Ger obligation to make some continuing contribution to support US and UK troops in Ger. Nature this undertaking is not specified. USDel TCC proposed in London writing into contract specific types of services to be provided by FedRep unconditionally, with others to be provided to extent feasible within total Ger contribution and other claims on it. This proposal unacceptable to Brit and Fr and was not pressed. While Rome decision requires reference to be made to continuing obligation to make contribution EDC, basic undertaking in this respect must be included in EDC Treaty. Terms of treaty and contract must of course be consistent.

7.[4] Not clear to us what is meant by term "automatic revision" in ur 850, but assume it means providing same treatment for EDC and non-EDC forces. Difficult for us to see how this wld work in practice, and we question whether problem can be solved simply at this time by gen provision for automatic revision. We believe matter is one for future negot involving agreement of all interested parties, which we interpret to be sense US–UK statement quoted reftel.

Background memo on Rome decision prepared by Reinstein at Bonn and left with Forest for duplication provides additional material on negot which may be of assistance to you.[5]

ACHESON

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[3] For the text of the Rome Decision on a German Financial Contribution to Defense, see p. 1685.

[4] Source text contains no paragraph for no. 6.

[5] The memorandum under reference here has not been identified further.

B. THE QUESTION OF GERMAN SECURITY CONTROLS

762.0221/9–2551 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, September 25, 1951—12 noon.

2014. Subj is security controls in contractual arrangements, incl mil, industrial, scientific research and atomic energy controls. Purpose this tel is to give our views on procedure re these subjs and explanation of

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[1] This telegram, drafted by Miller, was repeated to London and Paris.

Fon Mins instrs of Sept 13 (Tripartite D-3 [2]) and understanding with Brit and Fr where necessary.

1. Statement re application of undertaking to police forces (para 7*a*(i) does not affect possible creation additional police forces provided they are not of mil or paramil character.

2. We have discussed with Defense and with Brit and Fr procedure for implementation Fon Mins directive para 7*a*(ii) that industrial and research prohibitions shld be defined by experts at govt level, and have agreed, subj to confirmation by Brit and Fr, the mtg of govt reps should begin not later than Oct 1, probably in London. We are consulting with Defense re instrs for US Rep and Defense representation on US Del. Fon Mins agreed governmental reps wld work closely with HICOM in defining prohibited activities. Consequently we anticipate that it may be necessary for governmental reps to visit Ger in course of negots to consult with HICOM or for appropriate HICOM reps to come to London. Travel orders USDel will be written to permit travel Ger. We cannot tell you anything more definite on this now but will keep you informed of any developments.

3. AEC developing recommendations re character and scope atomic energy controls in consultation with Dept, which will be furnished to you later for use in discussions with Brit and Fr and subsequently Gers.

4. Agmt re administrative arrangements (7*a*(iv) of instrs) represents substantial concession by Fr in dropping their original position in favor of agency with broad supervisory and control functions. Agreed wording represents elaboration of US position without in our view compromising essential features. Allied body provided for this para is to be under direction of Ambs, both tripartitely and unilaterally. It will not be independent agency, nor will it have consolidated staff. We are anxious to have effective means of observing Ger compliance with contract in security field, but equally anxious to avoid continuing unduly extensive or intensive surveillance or exercise of controls on pattern of MSB.

5. There was no specific understanding whether HICOM shld inform Gers re content of Brussels list in advance of report by experts. Our view is HICOM shld proceed to discuss matter with Gers and shld give them Brussels list whenever subj is reached in course of negots or is raised by Gers. If Gers ask definition items HICOM wld of course inform them that definitions being developed. HICOM cld listen to and report to govts and governmental reps any views which Gers might wish to express on this subj.

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[2] For the text of Tripartite D-3, see WFM T-5*a*, p. 1197 and footnotes thereto.

6. As indicated para 20 of instrs, Fon Mins agreed there shld be no reaffirmation in contractual arrangements of Fed Rep commitment re allocation of raw materials.[3]

7. In our view, with which Defense concurs, Fed Rep shld not be required to agree that mil installations may be constructed only as necessary to carry out approved NATO plans. Mins did not discuss this proposal.

8. Last sentence para 7*b* re civil aviation was inserted at insistence of Fr. There was no specific understanding re its implications. In our view provision which it requires will be covered by undertakings required pursuant to 7*a* (i) and (ii), i.e. by Fed Rep undertakings not to create mil or para-mil forces outside agreed Western defense contribution and not to mfr aircraft.

ACHESON

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[3] For the text of the Federal Republic's commitment on the equitable apportionment of defense materials, dated March 6, see p. 1437.

740.5/10–551 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom[1]

SECRET WASHINGTON, October 5, 1951—2:09 p. m.

1844. Re Deptel 1748 to London Sep 29 rptd Paris 1887[2] fol is summary tentative US proposal re clarification and definition prohibitions provided para 7–*a* (ii) Fon Mins instr to HICOM agreed Sept 13.[3] Request Embs transmit US proposal to Brit and Fr Fon Offs soonest to facilitate rapid progress discussions beginning Oct 10. Proposal represents our present thinking but we may wish make changes in it at talks. Some matters not fully covered. Note scientific research is covered in each category in such manner that no separate treatment required.

Pls tell Fon Offs that in approaching task assigned by Fon Mins US found it most convenient to attempt to set down what Gers shld undertake not to do rather than simply to draft technical definitions of weapons. We think Br and Fr will agree that this is best approach as our work proceeds but the form of our proposals results from above practical considerations.

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[1] Sent for action also to Paris and repeated to Frankfurt.

[2] Not printed; it reported on various arrangements for the talks on a German financial contribution to Western defense and on the location for the security controls talks. (740.5/9–2951)

[3] For the text of the Foreign Ministers instructions, see WFM T–5*a*, p. 1197 and footnotes thereto.

1. *Atomic Weapons.*

Fed Rep shld agree not to engage in or permit, (except as may be agreed with three Allied Powers acting in interest of NATO):

(*a*) research specifically related to, development, production or possession of, atomic weapons, incl fission, fusion and radiological weapons;

(*b*) production of fissionable materials in quantities (500 grams per year) significant for production of such weapons;

(*c*) research specifically related to, or development, construction or possession of, nuclear reactors or other instruments or installations capable of producing such weapons, or fissionable materials in quantities (500 grams per year) significant for production of such weapons;

(*d*) production or acquisition of normal uranium or its compounds in quantities greater than ten metric tons of contained uranium oxide per year.

2. *Biological Weapons.*

Fed Rep shld agree not to engage in or permit, (subject exception noted under 1):

(*a*) production, possession or export of pathogenic organisms or their toxic products of such nature and in such concentration as to allow them to be used as biological weapons;

(*b*) production, possession, or export of specialized productive equipment or specialized control, transport, and dissemination devices intended for development, production, control, transport, or dissemination of foregoing organisms, products, or weapons, or having as principal purpose development, production, control, transport, or dissemination of foregoing organisms, etc;

(*c*) research and development directed towards mfr or production of foregoing organisms, etc., where such research involves production of engineered prototypes of equipment, devices, or weapons, or production of organisms or products on scale larger than required for normal laboratory experimentation purposes; or where such research involves design of semiworks or pilot-plant.

3. *Chemical Weapons.*

Fed Rep undertaking shld cover (subject exception noted under 1):

(*a*) production, possession, or export of toxic chemicals (to be further defined) intended for or having as principal purpose employment as chemical weapons;

(*b*) production, possession, or export of specialized productive equipment or dissemination devices intended for or having as principal purpose development, production, or dissemination of foregoing chemicals;

(*c*) production, possession, or export of specialized major components intended for or having no recognized purpose other than production of or incorporation in foregoing chemicals, equipment, or devices;

(*d*) research and development directed towards production of foregoing chemicals, etc., where such research involves production of engineered prototypes of equipment, devices, or components or production of chemicals or components on pilot-plant or semi-works scale.

4. *Aircraft.*

Fed Rep undertaking shld cover (subj exception noted under 1) production all aircraft with or designed for incorporation of means of propulsion, except models. Shld not cover gliders, model aircraft, kites, or balloons without means of propulsion. Undertaking shld also cover (*a*) production of specialized major components intended for or having as principal use incorporation in prohibited aircraft; (*b*) production of specialized productive equipment intended for or having as principal use development or production of prohibited components; (*c*) research directed toward production foregoing articles or equipment where such research involves production of engineered prototypes.

Prohibited specialized major components shld be limited to minimum number of major components and sub-assemblies necessary to make effective prohibition on aircraft production.

5. *Guided Missiles.*

Fed Rep undertaking shld cover: (subj exception noted under 1):

(*a*) production or export of guided missiles (to be further defined);

(*b*) production, possession, or export of specialized productive equipment intended for or having no recognized purpose other than development or production guided missiles;

(*c*) production or export of specialized major components intended for or having no recognized purpose other than production of or incorporation in foregoing articles;

(*d*) research and development directed towards production of foregoing articles where such research involves production of engineered prototypes or production on pilot-plan or semi-works scale.

6. *Naval Vessels.*

Types of naval vessels which shld be prohibited (production, possession, or export subj exception noted under 1) are fol:

(*a*) submarines;

(*b*) aircraft carriers and other vessels, intended or equipped for or capable of launching or receiving aircraft;

(*c*) other vessels normally intended for combat larger than destroyer or with guns larger than five inches.

There shld be provisions re specialized components and research similar to those re specialized components of aircraft and guided missiles, but covering possession or export as well as production.

There need be no provision re specialized productive equipment since there is no clearly specialized productive equipment of any great importance.

7. *Heavy Military Equipment.*

This category shld be defined extremely narrowly both qualitatively and as to number of items covered.

WEBB

740.5/10-1251 : Telegram

The United States Delegation at the Tripartite Talks on German Security Controls to the Secretary of State[1]

SECRET LONDON, October 12, 1951—midnight.

1810. From USDel Ger security. First meeting tripartite comite Ger security met October 10 with fol representation.

UK Roberts; US Trimble, acting for Holmes, and Reinstein; France LeRoy. Appointed Steering Comite to report in week or 10 days with fol representation: UK Lt. Gen. Crawford; US Maj. Gen. Magruder; France Sauvagnargues who is being replaced by Gen. De Ganeval. It was agreed every effort would be made avoid publicity concerning work of comite.[2]

Discussion in plenary consisted only of brief exchange views, in which all delegations agreed on need for speed. Fr advanced idea of creation, in addition to prohibited list, of "zone of surveillance". They explained difficulty of establishing borderline of prohibitions requires surveillance outside prohibited areas. US made reservation as to propriety of concept under Mins terms of reference.

Discussions continued October 10 and 11 Steering Comite. Fr tabled proposal which provides in important categories much broader definition prohibited articles than those provided by US (reDeptel 1844 to London October 5, sent Paris 2012, rptd info Frankfort 2219 [3]) and is also very restrictive in field of scientific research. Text Fr prohibited list fols next succeeding tel.[4]

Zone of surveillance covered entire armament industry and certain other products such as industrial explosives.

In discussion Fr explained their purpose in drawing up list heavy military equipment was prevent creation industry capable production heavy military equipment. Fr laid great emphasis in presentation on statement in Brussels agreement that Gers shld not possess their own sources of essential war material. This necessitated broad definition prohibited articles. For example, a capacity for making 105 mm. guns cld readily be converted to make 155 mm. guns. To effectively prohibit 155's it is necessary to prohibit 105's. US rep stated strong disagreement with this concept. When US suggested Fr restrictions were so broad as to limit effectively Ger contribution to western defense in production area, Fr suggested Gers cld concentrate on permitted categories, which they cld produce for NATO countries. They suggested for example that Ger might produce rifles and machine guns on large scale.

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[1] Repeated to Paris for Harriman and to Frankfurt.

[2] The most extensive collection of materials on the financial and security talks at London is in the CFM files, lot M-88, boxes 205 and 206. It includes minutes of the various committees, summaries of decisions, documents presented by the three delegations, background papers, memoranda, and telegrams to and from the United States delegations.

[3] *Supra.*

[4] The French list, transmitted in telegram 1809 from London, October 12 (740.5/10-1251), consisted of heavy military equipment, aircraft, warships, chemical equipment intended for military purposes, products for chemical warfare, products for biological warfare, and activities in the field of atomic energy. It was circulated at the talks as TGG(SC)P 4.

In re zone of surveillance, Fr stated character and method carrying out of surveillance was outside terms of reference. They indicated their thinking was that surveillance would be effected by Ger control. They did not state whether this would also, under contractual arrangements, involve Allied inspection.

Brit have not tabled paper and will present their proposals in subcomites on individual categories. They indicated their position on heavy military equipment was between US and Fr.

Subcomites have been established on heavy military equipment, chemical and biological weapons, naval vessels and aircraft. Instructions are to prepare comparison positions of delegations and to report to Steering Comite within several days. US representative on heavy military equipment is Gen Magruder, Fr rep Gen. De Ganeval.[5]

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[5] On October 13 the U.S. delegation reported that the British had tabled in the Heavy Military Equipment Subcommittee a proposal more restrictive than the French. Telegram 1813 from London, October 13 (740.5/10-1351).

740.5/10-2751 : Telegram

The United States Delegation at the Tripartite Talks on German Security Controls to the Secretary of State[1]

SECRET LONDON, October 27, 1951—8 p. m.

2058. From USDel Ger security.

1. At mtg on security of heads of delegations Friday[2] it was decided to transmit to governments a report of agreements that have been reached on security and of disagreements that remain reference heavy mil equip, generally following steering comite report which is document TGG(SC) P.20 (Final),[3] copies of which were air mailed 26 Oct.

2. Heads of delegations agreed steering comite shld meet again to explore alternate solution on heavy mil equip by prohibiting a few critical components with view toward heads of delegations including in their report to govts statement that no agreement cld be reached on the definition of heavy mil equip and reasons therefore are particular-

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[1] Repeated to Heidelberg, Frankfurt, and Paris.

[2] October 26.

[3] A copy of TGG(SC)P.20(Final), not printed, which reported the positions of the delegations on atomic energy, chemical and biological warfare, naval warship manufacturing, aircraft, heavy military equipment, guided missiles, electronics, and scientific research, is in the CFM files, lot M-88, box 205, TGG(SC)P.

ly different approach which for French and British was to provide security against future threat of German aggression and US was to insure German production to assist in arming German contribution of manpower. Report to govts wld state further that this alternate solution outside our basic terms of reference but had been agreed on an *ad referendum* basis, and recommending govts approve it.

3. Steering comite met today. Magruder assisted by Mayer from HICOG and Meuller of Defence Production Board. Comite agreed as an acceptable alternate for prohibitions on heavy mil equip they wld recommend:

a. Prohibition of manufacture of gun barrels of caliber greater than 60 mm.

b. Prohibition of manufacture of propellants.

c. Limitation on expansion of German manufacture of explosives to those required by Germany for peacetime use, German ammo requirements and for any orders placed by NATO countries.

d. Prohibition on manufacture of armor plate of a thickness greater than 50 mm.

e. Prohibition of specialized machinery that cld be used only for the production of the prohibited items.

f. Reference Steering Comite report (P. 20), British member of Steering Comite agreed to withdraw report his reservation on aircraft components. French member agreed to withdraw his insistence on limitation of German industrial capacity.

4. Report to govts will carry as inclosures agreed reports on all items on Brussels prohibited list except heavy mil equip and alternate proposal on heavy mil equip with recommendation that shld govts approve the agreements and the alternate proposal, they be utilized as the basis of negots with the Federal Republic. Proposal was made to submit tripartite report to High Commissioners for comment but agreement cld be reached only on referring report individually by each power to its own High Commissioner if so desired.

5. Request US head of del be notified of US approval or of specific disagreements. Heads of delegations propose to meet again on 6 Nov to confirm agreement by each govt or to consider disagreements. Date set on assumption new Brit Govt cld act by that time.

6. Subcomite report on alternate solution on heavy mil equip will be air mailed about 31 Oct.

7. Magruder returning about 1 Nov to explain provisions and seek approval. Re Reinstein–Lewis telecon Oct 26,[4] Reinstein will return to Washington about Nov 1 for several days consultation if finance discussions permit, and if Dept approves.

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[4] No record of this telecon has been found in the Department of State files.

740.5/10–3151 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

TOP SECRET PRIORITY BONN, October 31, 1951.

301. Re Deptel 174, to Bonn 30 October.[2] Anxious to discuss security control with Reinstein and send more detailed views thereafter, but my initial reaction to London proposals on security control is that I doubt it will be possible to reach agreement for a German participation on this basis.

Chancellor has never agreed to accept a formula which sets forth prohibitions, but he has always urged a general formula which wld bind Germany and other participants in EDC to make the specific war materials allocated respective nation by NATO. He probably will accept a wording which will bind participating nations not to produce any specific war materials not allocated to it by NATO.

Moreover, Chancellor has expressed an opinion that individual surveillance of controls or prohibitions by three Allied powers wld be unacceptable; that any surveillance shld be within framework of EDF or SHAPE on the basis of equality. Chancellor may modify his position with respect to certain fields such as atomic energy, chemical and biological warfare, major naval units and strategic air, but I feel he will insist on right to produce all equipment allocated and needed by the German contingents in complete form.

The understanding [*is?*] that such end items as are not allocated to Germany to produce will be provided by Western Allies.

I have even been doubtful of German acceptance of prohibitions on aeroplanes, deep sea navy, atomic weapons, etc., but I am quite positive neither Chancellor or Bundestag will understand Germans being asked to join with us in defense of Europe and at the same time being forbidden to manufacture one complete round of small arms ammunition (prohibition of any propellant) or a single complete unit of light artillery (no tube).

I doubt whether the whole theory of production of component parts in Germany of end weapons for use by German forces is sound. Aside from the accent on discrimination, technical difficulties, delays and lack of confidence of the military that essential materials will be readily available under such procedures will operate against acceptance of such a proposal. I am afraid it wld compel Germans to make great demands for guaranteed deliveries and for accumulated reserves even if by any chance they wld accept theory. Is it not better to approach it from point of view of allocated items from EDF with EDF or SHAPE inspection?

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[1] Repeated to London, Paris, and EuCom.

[2] Not printed; it asked for McCloy's views on the report of the London committee on security controls. (740.5/10–2751)

McCloy

740.5/10-3151 : Telegram

The Acting Secretary of State[1] *to the Office of the United States High Commissioner for Germany, at Bonn*[2]

TOP SECRET WASHINGTON, November 3, 1951—3:01 p. m.

193. For McCloy and Reinstein. Dept has reviewed recommendations London Dels security controls with Magruder, who is continuing discuss them within Defense and expects obtain Defense agrmt to them. In our review we had in mind several factors which have helped create difficult situation: One is nature FonMins Decision[3] which, being compromise with Schuman, actually did not go as far as we hoped and did, we must acknowledge, provide basis for positions Fr and Br took in London discussions. Another is generally restrictive position Fr and Br took, apparently on basis strongly held views their mil, polit and fin auths. In these circumstances we view London recommendations as approximating maximum which cld be obtained from Br and Fr at this time on basis present FonMins Decision and consider work of London Del and speed with which London discussions reached report stage impressive.

We have, however, attempted also consider suitability of program of security controls developed in London from point of view acceptability to Gers, and acceptability to US Govt as long term security controls in Ger and as basis Ger production contribution to Western Defense. Our views on this parallel urs in most respects (Bonn tel 301 Oct 31 rptd London 108, Paris 119, EUCOM 94[4]). However, we do not share ur belief EDF, NATO or SHAPE provide substitute for dealing with this problem in contractual arrangements by commitment to three powers. On contrary we think EDF scheme wld keep Gers out of production for good. Our views this point contained in Deptel 2600 to Frankfort.[5]

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[1] Secretary Acheson was in Europe for the sixth regular session of the United Nations General Assembly at Paris and the eighth session of the North Atlantic Council at Rome. For documentation on the eighth session of the North Atlantic Council, see pp. 693 ff.

[2] This telegram, sent for delivery at Bonn before 11 a. m. on November 4 and repeated to Frankfurt, London, and Paris, was drafted by Jacobs and Miller, approved by Lewis, and cleared by Laukhuff.

[3] For the text of the Foreign Ministers decision, see WFM T-5*a*, p. 1197, and footnotes thereto.

[4] *Supra.*

Our major concern with acceptability and suitability London recommendations can be summarized in three points:

On basis reftel which confirms our own judgment, we believe London recommendations likely to be totally unacceptable to FedRep. While we might consider asking you to approach Gers with proposals which we can have no reasonable hope they will accept, in expectation that rejection wld provide basis for reconsideration with Brit and Fr, we cld do so only most reluctantly in view of probable long run effects on our relations with FedRep. Presentation of position from which we are forced to make major retreat wld undoubtedly constitute major diplomatic defeat. Such occurrences tend to lower our prestige and influence and when rptd can only lead Gers to question whether we are really determined in other major policies. In this connection probability of leak making gen terms of our proposals known to public, which cld only weaken our position and position of moderate elements in Ger, also shld be considered.

Second gen worry we have is possibility that something closely resembling MSB type Allied control wld be perpetuated in practice by complexity and nature restrictions on Gers. Although we realize recommendations contemplate, because of US insistence, that Gers handle reporting and control, we wonder if number of determinations which must be made as to such questions as peace time needs Ger economy, end use of product, etc. will not lead to Allied supervision, regulation and licensing or, what will amount to much the same, close Allied scrutiny of Ger action of same type. Detailed comments to follow in separate tel include some further illustrations of areas in which we fear such development, although we realize USDel has not in any sense committed us to such policy and, technically, this issue was settled in Wash and was not within terms of reference London talks.[6]

Third major problem is heavy equipment component plan. We share your doubts about this, believing that it wld only work with most extraordinary cooperation by Gers, three powers, and other NATO nations who might be called upon to supply prohibited components to Gers. We think it might also run into serious difficulties because of administrative difficulties and cost and profit problems it wld involve for Ger industry, leading businessmen to prefer non-mil business.

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[5] Not printed; it listed the following reasons for not including security safeguards in the EDF provisions: (1) some safeguards were of concern to the United States and United Kingdom, (2) the United States was not prepared to relinquish its voice in the matter of German military production and the equipping of NATO forces, and (3) the United States did not believe limitations on the manufacture of military equipment by the EDC would be generally acceptable. (740.5/10-2551)

[6] The comments were transmitted in telegram 194 to Bonn, November 3, not printed (740.5/10-3151).

We will await a further message from you and Reinstein before developing our view on what to do to advance this problem.

WEBB

740.5/11-451 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State [1]

TOP SECRET PRIORITY BONN, November 4, 1951—12 p. m.

317. Security controls have been discussed with Reinstein, and our views as requested in Dept 174 to Bonn Oct 30,[2] are as fols:

(*a*) Our views, as set forth in Bonn 301 to Dept,[3] re London proposals on security controls are reaffirmed. In this connection we note Dept 193 to Bonn [4] parallels our views except in regard to the agency (EDF, NATO or SHAPE) to deal with the problem.

(*b*) We agree that no approach to the Gers be made with proposals which we have no reasonable hope they will accept.

(*c*) We consider a formula cld be worked out though not without some difficulty whereby present prohibitions continue in effect until modified by NATO agreement, in the fields of atomic energy, chemical and biological warfare, deep sea navy, strategic air, long-range and guided missiles and research connected therewith. This wld be covered by contractual arrangements.[5]

(*d*) We consider the major difficulties will be encountered in prohibitions for manufacture in Ger of armament and equipment which will be required by the Ger ground, air and navy contingents authorized for western defense. In these fields of equipment we consider that prohibitions will only be acceptable to Ger if imposed by an agency in which Ger is a member with opportunity to present her views and participate in the decisions; that is, EDC or NATO. This same agency which imposes prohibitions shld also be charged with the responsibility of equipping member forces including Ger so that the relative advantages and disadvantages of use of Ger industry for rearmament can be determined by this agency with regard to its greater responsibilities of the defense of Eur. We do not consider this agency shld be presented with any guidance or decision in these fields by the Allied govts, as we consider Ger will insist on a participation in the decisions to be taken by the agency.

(*e*) If EDC is the regulating agency some agreement shld be agreed upon whereby NATO countries cld place orders in Ger in coordination with the EDC commissioner.

(*f*) In agreeing to permit an agency of which Ger is a member determine what munitions may not be permitted to be manufactured in

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[1] Repeated to Paris, London, Frankfurt, and EuCom.

[2] Not printed, but see footnote 2, p. 1709.

[3] Dated October 31, p. 1709.

[4] *Supra.*

[5] For further documentation on the negotiations of contractual arrangements with the Federal Republic, see pp. 1446 ff.

Ger, it shld be made clear that this agreement cannot be used for demands for the supply of munitions from the US which, in the opinion of the US, shld be produced in Ger.

As can be seen by the above, we consider that security controls must be dealt with again by the Foreign Mins, and that it is essential to discard the approach agreed to in Brussels, and reach agreement on an approach which is politically acceptable to Ger. Therefore, we recommend no action be taken on London proposals, prior to a discussion of this subj by the Foreign Mins. Reinstein agrees but has doubts about (*d*) para.

McCLOY

740.5/11-151 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom[1]

SECRET WASHINGTON, November 8, 1951—7 : 02 p. m.

2429. For USDel Ger security.

1. In view of Ger position in discussions on security which have been going forward with Fed Govt[2] and in view of McCloy's judgment as expressed in Bonn's 317, Nov 4, rptd London 113, Paris 127,[3] that recommendations on security controls contained in Report of Heads of Dels (see London's 2127, Nov 1[4]) have no reasonable hope of acceptance by Gers and that approach agreed to in Brussels shld be discarded, we agree that question of security controls must be dealt with again by FonMins and that no action shld be taken on London proposals prior to discussion this subj by FonMins. Recommendations in Report represent best agreement obtainable short of FonMin level. Purpose of action by FonMins wld be to remove prohibitions on Ger industry to greater degree than Fr and Brit cld be induced to accept in London. We wld in no case be willing to accept prohibitions more extensive than those contained in Report.

2. Request USDel to advise other dels at appropriate time of above views.[5] Issues in this field shld be formulated for decision by FonMins at mtg Nov 15 as suggested para 3, 2237 Nov 7 rptd Paris 971,

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[1] This telegram was drafted by Lewis, cleared by the Defense Department, Deputy Under Secretary of State Matthews, and repeated to Paris for Byroade, who was participating in the Foreign Ministers meetings, to Bonn for McCloy, and to Frankfurt.

[2] For documentation on the negotiations for a security guarantee for the Federal Republic, see pp. 1514 ff.

[3] *Supra.*

[4] Not printed.

[5] On November 9 and 10 the U.S. delegation reported that it had informed the British and French delegations along these lines. (Telegrams 2283, November 9 and 2290, November 10, from London, neither printed, 740.5/11-951 and 11-1051)

Frankfurt 315, Bonn 43.[6] Our view is that this shld be done in such a way as to obtain results invisaged in statement of US position contained in Draft Instrs to the Allied High Comm (T–5, Aug 29.[7]) Will elaborate further in later tel. Have no strong views re location Nov 15 mtg but inclined favor Paris.

3. For reasons already stated in Deptel 2600, Oct 25, rptd London 2181, Paris 2426,[8] Dept does not believe that solution proposed paras *d*, *e*, and *f*, Bonn's 317 re EDC formula is satis substitute for drastic reduction and simplification of prohibitions in disputed areas.

4. Defense position contained in ltr Lovett[9] to Acheson dted Nov 7 which reads as follows:

> "I concur in the recommendation of the Heads of Dels of the Tripartite Group on Ger contained in their Report to Govts of 31 Oct 1951, in which, in accordance with the Brussels Agreement, they propose definitions of the prohibitions of Ger manufacture of atomic, biological and chemical weapons, guided missiles, aircraft, naval vessels, electronics and of scientific research with respect to all of them, and in which they propose the prohibition of manufacture of certain components in lieu of a definition of a prohibition of the manufacture of 'heavy military equipment'.
>
> Despite the somewhat restrictive Terms of Reference of the Tripartite Group on Ger in their London conference, I consider that the recommendations of the Heads of Dels are correctly oriented towards reducing the restrictions on Ger production included in the Brussels Agreement. I hope that you will find it desirable to arrange with the Brit and Fr Govts that the recommendations of the Tripartite Group on Ger are so transmitted to the HICOMS that they will be guided but not bound by those recommendations in their negots with the Gers. I hope further that in advising Mr. McCloy as to how the leeway given might be properly employed, you might advise him that any changes acceptable to the US must be in the direction of relaxation of the prohibitions."

5. As noted in ltr qted above Defense considers recommendations in report wld make possible necessary production to permit Gers produce substantial part of munitions needed for own forces if they are to be adequately equipped in 1954 and is desirous maintaining agreement reached by US–UK–Fr Dels on this minimum position in event FonMins cannot agree to further removal of prohibitions.

WEBB

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[6] Not printed.

[7] Not printed, but for the U.S. position, see WFM T–5*a*, p. 1197.

[8] Not printed, but see footnote 5, p. 1711.

[9] Robert A. Lovett succeeded George C. Marshall as Secretary of Defense on September 17.

Conference files, lot 59 D 95, CF 97

United States Delegation Minutes of the Tripartite Foreign Ministers Meeting at the Quai d'Orsay, November 21, 1951[1]

SECRET

PAR M-1

PARIS, November 23, 1951.

FRANCE

Foreign Minister Robert Schuman
Deputy Foreign Minister
Maurice Schumann
Ambassador Bonnet
High Commissioner François-Poncet
M. Parodi
M. LeRoy
M. Alphand

UNITED KINGDOM

Foreign Minister Eden
High Commissioner Kirkpatrick
Mr. Frank Roberts
Ambassador Harvey

UNITED STATES

Secretary Acheson
High Commissioner McCloy
Ambassador Bruce
Mr. Perkins
Mr. Byroade

[Here follows the first part of meeting at which the Foreign Ministers discussed contractual relations with the Federal Republic, printed page 1597.]

SECURITY CONTROLS

M. SCHUMAN introduced this subject by saying that the London Report was too complicated for the intelligence of the Foreign Ministers.

MR. ACHESON said the London Report was not satisfactory. Today it was clear that we cannot continue on the basis of the Brussels List without any change. Much has happened since December 1950 and we have a rather different situation than we had a year ago. The EDC had become a broad and general security safeguard. There were a number of things in the Report which concerned him. Of these, the most important was "heavy military equipment". We simply had to drop this item since we had not been able to find any appropriate and acceptable way of dealing with it. Mr. Acheson said he proposed that the Ministers agree as follows:

(1) to drop the category "heavy military equipment."

(2) to give the High Commissioner flexibility in discussing security safeguards with the German Government, both as to the form in which the undertakings are to be expressed and to the draft of the substance of the undertakings.

(3) to confirm our decision of last September that there should be no military security board or other agency charged with administering security safeguards and to make no provision for inspection or supervision by Allied officials.

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[1] Secretary Acheson and Foreign Secretary Eden were in Paris for the sixth regular session of the United Nations General Assembly.

(4) to agree to review the position as regards security safeguards when the European Defense Community begins to function satisfactorily.

Mr. Acheson then circulated the U.S. proposal which reads as follows:

"1. The form in which the German Government undertakes to impose restrictions on its production of military equipment and weapons in the contractual arrangements is of particular importance politically in Germany. The High Commission should, therefore, explain fully to Chancellor Adenauer the reasons for the insistence of the Three Governments on undertakings in this respect and should request suggestions from him as to the form of the undertakings and the manner in which they can best be expressed. In addition the Chancellor should be told that, although the Allied Government believes that safeguards of this nature are presently required for their security, they will be prepared to review the position as regards security safeguards when the European Defense Community has begun to function satisfactorily. Provision for such review should be made in the contractual convention.

2. The undertakings which we require of the Federal Government should deal with the following articles and activities, productive equipment specifically designed for their production, and the application of science to the development of models or other forms of the above articles whose function is solely to assist in the construction or preparation of machinery and equipment for their production on a scale or in a form suitable only for use as weapons.

a) Atomic weapons
b) Biological weapons
c) Chemical weapons
d) Long range and guided missiles
e) Aircraft (civil and military)
f) Naval vessels other than minor defensive craft.

These restrictions should, of course, be subject to exception by agreement of the three powers acting in the interest of NATO.

3. The High Commission should, in drafting with the representatives of the Federal Government a Convention on Security Safeguards, avail itself of the suggested definitions developed by the Tripartite Group on Germany (TGG(SC)P.20 Final 25 October 1951 [2]). However, the High Commission is authorized to simplify and further clarify these definitions as it determines necessary or advisable in the light of discussions with the Federal Republic.

4. There should be no Military Security Board or other Allied agency charged with responsibility for administering the security safeguards to be agreed with the Federal Republic. No provision should be made in the convention on security safeguards for inspection by Allied officials or supervision by them of German activity."

After his British and French colleagues had read the U.S. proposal Mr. Acheson went on to say that the conclusions of the London Report were so complicated that he did not think they could be carried out. If an effort were made to do so, it would involve far too many people. The lack of resources in Germany and the EDC will provide security against German action. Our real problem, he said, would be to get enough production in Germany. There was little fear that there would be too much military production. NATO, the EDC, and its allocation of production responsibilities, would he thought be sufficient to protect our security.

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[2] Not printed. A copy of this report is in the CFM files, lot M-88, box 205, TGG(SC)P–security controls distribution.

We should retain certain broad prohibited categories. As to the rest of the security problem, we should leave it to the EDF with its power to allocate funds to be spent in Germany. Thus, we will get what we really need and what it is possible to get at this point.

Mr. **Eden** said he agreed it was necessary to simplify the London recommendations. He asked if the U.S. proposal to prohibit production of aircraft included civilian as well as military aircraft. He said also that paragraph 4 of the U.S. proposal puzzled him and asked if it meant there would be no machinery of any kind to enforce restrictions or carry on inspections, etc.

Mr. Acheson said that civil as well as military aircraft were meant to be included in the U.S. proposal. He said with respect to Mr. Eden's second question, that it was the U.S. proposal that we rely on Intelligence, and the presence of our military forces in Germany, but not create any boards or agencies.

M. Schuman said it was impossible for him to take a stand until the next day. It was necessary that he consult his Government. So far we have operated on the basis of the September instructions to our representatives in London. Mr. Acheson's proposal changes the terms of reference and he could not himself take the responsibility for accepting it without consulting his Government.

Mr. Acheson said he understood M. Schuman's problem. He hoped to give new instructions to the High Commission. One of the London Group's difficulties arose from its effort to follow its instructions. Its recommendations that while the Germans be permitted to produce guns, they not be permitted to produce tubes, and that they be permitted to produce shells but not the propellants for shells, were silly. They would not work. There would not be enough money in Germany to make the quantities of military equipment we require.

M. Schuman said he hoped it was agreed that the issue of security controls would not be raised tomorrow with Mr. Adenauer.

Mr. Acheson *agreed* that he did not think it should be.

Mr. Eden said it might be well to say to Chancellor Adenauer that this problem would have to be discussed later.

M. Schuman said it was important to avoid any misunderstanding. If we said nothing, Chancellor Adenauer might think there would be no restrictions. We must make clear to him that there are to be some in the contract, and that the Germans must accept them if they wish the General Agreement.

Mr. Eden said he wondered if the Chancellor, after the Three Governments had agreed on the substance of the restrictions required, might not himself make a declaration of his intention to prohibit certain categories of military equipment unless the Supreme Commander believed Germany should produce them.

M. Schuman said the implementation of the program of security restrictions might be vested in EDC. There would thus be control, but in any case it was of key importance to avoid any misunderstanding with Chancellor Adenauer at the meeting with him on Thursday.

Mr. McCloy said that the Chancellor might, in connection with the proposal for a board of review, make a declaration.

M. Schuman said that we must find some means of persuading Chancellor Adenauer to accept the necessity of a reservation in the General Agreement with respect to security safeguards before tomorrow.

The Ministers agreed that it was too late to begin discussions of the problem of *Finance* and that this would be discussed together with *Austria* on Thursday morning at 11:00 a.m.[3]

M. Schuman raised the question of the Ministers' Report to NATO in Rome. He asked what reports were necessary. He pointed out that consultation with the Benelux was necessary.

Mr. Eden asked if we must tell NATO of new changes we make in security controls.

Mr. Acheson said that he thought there should be reports to NATO under Agenda item No. 9, which is German Participation in Western Defense. There should, he thought, be a report on Contractual Arrangements. The three most important things for Europe today, he thought, were (1) that the TCC Report be accepted and acted upon, (2) that the EDC Treaty be finished and put into effect, and (3) that Contractual Arrangements be completed. They all form part of one whole. The three Ministers should let their colleagues in NATO know that by January they must all be prepared to adopt the reports and to move rapidly ahead.

M. Schuman said that France, which had rashly conceived the EDC, might give the report on it. Who, he asked, would report on the other topics?

Mr. Eden suggested that Mr. Acheson report on Contractual Arrangements.

Mr. Acheson agreed to do this.

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[3] For a report on this meeting, see PAR M-2, p. 1604.

Mr. Eden pointed out that he and M. Schuman had agreed that the Ministers should meet with Benelux Foreign Ministers on Sunday in Rome.[4]

Mr. Acheson added his agreement to this arrangement.

The Ministers agreed to meet again at 11:00 a. m. on Thursday and adjourned at 7:30 p. m.[5]

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[4] The meeting with the Benelux Foreign Ministers was subsequently rescheduled and held on Monday, November 26. For a report on the meeting, see Secto 114, November 29, p. 1611.

[5] The U.S. delegation reported the substance of the Foreign Ministers meeting on Wednesday in Secto 62, November 22 from Paris, not printed (740.5/11-2251).

662A.00/11-2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State[1]

SECRET
PRIORITY

Bonn, November 26, 1951—midnight.

510. 1. *Security Safeguards.*

High Commissioners (Hays for McCloy) met Adenauer today in accordance with Fon Min's–Adenauer Paris decision 22 Nov (see Paris sent Dept 3086, rptd Bonn 91, London 838 [2]) that High Commissioners after meeting Chancellor wld report his views to Fon Mins in Rome concerning provision of security safeguards on certain production and research for mil purposes.

At end of session, Poncet summarized Adenauer's position along fol lines: (Chancellor agreed summarization was "complete and accurate.")

"Chancellor proposed question of production of armaments wld be settled on basis of EDC program administered by Defense Commissioner who wld allocate production among member states. Armaments production beyond that allocated wld be prohibited in EDC treaty unless Defense Commissioner in certain instances gave specific permission. It wld be for SHAPE to control and supervise as it felt desirable implementation of program by each member state. All govts wld take necessary internal measures to this end. He assured High Commissioners that fed govt wld do so. Adenauer indicated his willingness to address letters to US and UK Govts (if considered necessary) in which he wld state that Fed Rep wld adhere to assurances given in EDC treaty and wld issue necessary implementing regulations in Fed Rep territory to ensure that unauthorized production wld not be undertaken. In passing, Chancellor mentioned those states which had forces overseas wld be permitted to produce armaments required over and above amount allocated by EDC Defense Commissioner."

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[1] Repeated to Rome for Secretary Acheson, Byroade, and Reinstein, and to Paris and London.

[2] *Ante*, p. 1605.

Adenauer in presentation fed govt views repeatedly emphasized essential to avoid discrimination against Fed Rep, but that he wld accept any controls which were agreed upon within EDC framework provided they were applied equally to all member states. He wld agree, in addition to positive production allocations EDC convention shld contain certain restrictions on armaments production, e.g., special weapons. Adenauer made fol further points, *inter-alia:*

(*a*) Defense Commissioner's task was to allocate production quotas in accordance with gen interest of EDC. He shld not be able to impose restrictions on Fed Rep on items listed in para two of Paris sent Dept 65, London 829, Rome 213, Bonn 88,[3] which Hays read to him as being items on which Allies wld require security safeguards.

(*b*) Blank (Fed Rep rep in Paris EDC discussions) informed him there wld be no difficulty in obtaining agreement of EDC member nations to restrict their armament production to that specified by Defense Commissioner. Fact that Defense Commissioner was under SHAPE meant that adequate measures cld be taken by latter to ensure control of armaments wld be effectively carried out.

(*c*) Altho "German industry was much more interested in producing goods for export than in producing war materials" he imagined that Defense Commisssioner wld allocate certain armament research and production to Germany including items referred to in reftel cited in (*a*) above. In EDC Paris discussions, view was expressed that German atomic scientists, for example, cld make valuable contribution.

(*d*) Even though US and UK were not members of EDC they did not require separate Fed Rep commitment in contracts to comply with EDC defense allocations as entire contractual relationship wld only come into force at such time as convention dealing with German participation EDC was ratified in Bundestag.

In addition to points referred to above, we made clear to Adenauer, *inter-alia:*

(*a*) EDC convention did not provide proper safeguards and controls which wld prevent Fed Rep and member states from engaging in production of items which were not allocated by Defense Commissioner. Such control necessarily wld involve internal laws and regulations of countries concerned. Public opinion in USA, for example, wld insist on some controls.

(*b*) Allies in footnote to Article XIV of gen convention clearly indicated that ref to whatever provisions were later agreed upon re restrictions on other mil activities and regulations of production and research for mil purposes shld be inserted in Article XIV.

(*c*) Fed govt letter of assurances referred to above to US and UK wld certainly not remain secret and question wld arise as to why contents of letter were not incorporated in gen agreement.

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[3] Not printed; for the text of the proposal under reference here, see PAR M-1, *supra.*

After mtg Adenauer assured Hays he wld instruct Blank to insist upon inclusion in EDC treaty provision restricting war production to approved items and wld agree to reopen question if progress delayed in Paris.

2. *Allied Right to Take Reasonable Defensive Measures.*

At Mr. McCloy's and EuCom's request, Hays informed Adenauer that we were anxious to insert at some appropriate place a provision which wld ensure right of Allied mil authorities to take in advance of declaration of emergency certain reasonable defensive measures, e.g., installation of explosion chambers in bridges. Such action shld not be subject to arbitration. I asked if fed govt wld submit its proposals for a provision which cld be inserted on related convention on logistic support. Adenauer replied he agreed arbitral tribunal shld not review such action, but that some sort of conciliation machinery shld be set up. He promised to submit fed govt proposal.

3. *Next Meeting.*

After agreeing to instruct our experts to proceed rapidly as possible with work on related conventions and in particular on programs convention, we agreed we wld meet with Adenauer to review progress contractual negots week after next upon his return from London.

McCloy

Conference files, lot 59 D 95, CF 97

United States Delegation Minutes of the Tripartite Foreign Ministers Meeting at the American Embassy at Rome, Tuesday, November 27, 1951, 5–7 p.m.[1]

SECRET Rome, November 26, 1951.[2]

PAR M–3

France
Foreign Minister
Robert Schuman
M. Alphand
M. Parodi

United Kingdom
Foreign Minister Eden
Mr. Roberts
Mr. Crawford

United States
Secretary Acheson
Ambassador Bruce
Mr. Perkins
Mr. Byroade
Mr. Nash
Mr. Reinstein

[Here follows the record of the first part of this meeting in which the Foreign Ministers discussed a German financial contribution to Western defense, printed pages 1681–1685.]

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[1] The Foreign Ministers and their advisers were in Rome for the Eighth Session of the NATO Council; for documentation on this session, see pp. 693 ff.

[2] So dated in the source text.

SECURITY CONTROLS

Mr. Acheson said that he had received a telegram from the U.S. High Commissioner, Mr. McCloy, reporting on a meeting which was held on November 6 with the Chancellor of the Federal Republic. He summarized the report of the meeting (see HICOG Frankfurt to Rome No. 9 of Nov. 27, repeated Department as 510, Paris as 198, London as 155[3]).

M. Schuman said the proposal of the German Chancellor would have to be studied. In the case of the French Government, this proposal would have to be considered by the appropriate members of the French Cabinet, and in particular by the Minister of Defense. He said that he was not in a position, therefore, to discuss the view of his Government on the German proposal. He said he would like to know, however, whether the U.S. and U.K. would agree to arrangements for control of weapons regarding which they had expressed concern, such as atomic energy, if such control is to be exercised through an organization in which the U.S. and U.K. do not participate.

Mr. Eden said he had received a report on the meeting as well. He said that his report made it appear that the controls over the production of weapons in Germany would be exercised by SHAPE as well as by the EDC. He thought that from the point of view of the U.K. this was desirable as an additional control, but it seemed to him that it might involve heavy burdens for SHAPE.

M. Schuman said that SHAPE was not in fact charged with the responsibility of controlling German arms production, but would act only as a means of implementing decisions reached elsewhere. The actual decisions as to what production would be undertaken in Germany and what production would not be undertaken in Germany would be made by the Defense Commissioner of the EDC. The Defense Commissioner would not be responsible to the U.S. or the U.K. He asked again whether this created any problems for the U.S. and U.K.

Mr. Acheson said that he was unable to answer M. Schuman's question at the moment. He said that he was inclined to believe that the proposal of the Federal Chancellor would be acceptable in principle. It involved the substitution of one type of promise for another, and it seemed to him that they were of equivalent value.

Mr. Acheson said he had some doubts as to the procedure suggested by the Chancellor with regard to the letter which would be addressed to the two allied governments. He said that a letter seemed a somewhat loose way of handling the problem.

Mr. Acheson said that under the circumstances he thought it would be necessary to advise the Federal Chancellor that the Foreign Ministers had decided to retain the security controls in the contractual arrangements until some other satisfactory method of handling this problem is worked out.

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[3] *Supra.*

Mr. **Eden** said that as he understood the proposal of the Secretary, it was to retain the provisions for security controls in the contractual arrangements, whereas the Federal Chancellor had suggested eliminating them.

M. **Schuman** asked whether Mr. Acheson suggested retaining the controls for a limited period, such as one year.

Mr. Acheson said that he had not suggested a limit of one year. He had proposed that the suggestion made by the Federal Chancellor be rejected. He felt, however, that some hope should be extended to the Chancellor, and that it should be agreed that although provisions for the security controls would be retained in the contract, these provisions would be subject to review if some arrangement for handling security controls were worked out through the EDC or in some other way.

Mr. Eden said that he would prefer not to commit himself to an agreement to change the arrangements in the future. He said that it might well be that his Government would agree to changing the contractual arrangements when the question arose, but he would prefer not to tie the hands of his Government at the present time.

Mr. Acheson referred to the proposal which the U.S. had submitted to the French Government on November 22[*21*].[4] He noted that M. Maurice Schumann had said that the French Government would consider it before the Foreign Ministers met in Rome. He wondered whether the document, with certain changes (see Annex A for modified text [5]) could serve as a basis for agreement.

M. **Schuman** said that it seemed to him that the language in the document was still subject to the objection raised by Mr. Eden, in that it committed the three Governments to agree in the contractual arrangements to eliminate security controls at some future time.

Mr. Eden said he had no objection to the language in the U.S. proposal. His objection had been to the proposal as made by the Chancellor.

Mr. Acheson explained that the U.S. proposal did not contain a promise to change the contractual arrangements, but merely to consider changing them in respect to security controls.

M. **Schuman** said that the French Cabinet had not met since November 21 when the proposal was presented. He said he was familiar, however, with the views of the Minister of Defense, who would not be willing to agree to a provision in the contractual arrangements containing such a commitment. He said he recognized that the commitment was merely to review the agreement, but in dealing with the Germans this would be a very great concession, since the Germans are extremely persistent in pressing such points. He said that he anticipated that the issue might arise in the course of the parliamentary debates concerning the contractual arrangements, and the Chancellor would lay great emphasis on this promise; later the Chancellor would claim that the contractual agreements were adopted only in reliance on this promise. He said that this would undermine the Allied position and make it extremely difficult to refuse to change the agreement.

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[4] For the text of the U.S. proposal under reference here, see PAR M-1, p. 1715.

[5] No annex was found attached to the source text, nor has the paper under reference here been identified.

M. SCHUMAN said that there seemed to be a further point involved. He said that the U.S. proposal stated that certain controls were necessary under the present situation, but that after the EDC is established this situation will change. M. Schuman said that in his view the creation of the EDC would not change the situation at all as far as these controls are concerned. He said that the creation of the Community would not affect problems relating to atomic weapons, biological and chemical warfare, etc. Since the creation of the Community would give no protection against this type of weapon, it seemed to him that the connection asserted by the U.S. proposal did not exist.

MR. ACHESON said that the real protection would lie in the fact that the resources of Germany would be so employed in the production of items required for the common defense under the EDC that there would be no resources available for carrying on the elaborate and expensive operations involved in making such weapons. He said that an agreement not to produce weapons, except as authorized by the EDC, would be just as satisfactory as a promise on the part of the Federal Government not to make certain specific types of weapons. He said, furthermore, that it would be necessary to take into account the political problems which the German Chancellor faces. He said that he should be relieved of the necessity of stating to the German Parliament there was no hope that Germany would ever emerge from the restrictions upon her. He said, therefore, that we should say that we would be willing to take a fresh look at the situation after the European Defense Community is in operation.

MR. ACHESON said that the telegram from Bonn reported that the High Commission would meet M. Adenauer after his return from London. He said that it would be desirable to provide the High Commission with instructions for their guidance at the meeting. He said that it would be helpful to be able to advise the Chancellor at that time that the contractual agreements would be reviewed as regards security controls after the EDC is in operation, without implying what the result of the review might be. We asked M. Schuman to check with M. Bidault and other interested Ministers now in Rome in order to have a reply by the following day, if possible.

Mr. Eden suggested that the U.S. draft might be modified by adding "and other satisfactory arrangements worked out" to the next to the last sentence.

M. Schuman said he thought that would be a helpful change.

Mr. Eden said that it might perhaps be useful to give such a promise to the German Government in a separate letter or note, rather than incorporating it in the contractual arrangements. He said that he was trying to find a formula which would help the French Government to agree, since he thought it was essential to get these points straightened out before the three Ministers returned to their countries, after which it would be difficult to reconcile their positions.

M. Schuman said that the point made by Mr. Acheson had in fact been raised with the Cabinet officers concerned with this problem, explaining that the production assignments of Germany within the EDC would so tie up her resources as to make the question of production of the other types of weapons academic. He said, however, that these concepts are somewhat hypothetical and have not yet been worked out in the EDC on a firm basis. He said that the Belgian and other governments were resisting proposals for the establishment of agreed common production schedules.

Mr. Acheson said that he agreed that the situation had these uncertainties in it. He said that was why the U.S. proposal suggested that the security controls be retained for the time being as part of the contractual arrangements. He said, however, that the three governments should be prepared to review the situation after the uncertainties are removed.

M. Schuman said he would have an answer by the following day with respect to the U.S. proposal.

It was agreed that the three Ministers would meet again on the following day, November 28, at 9:15 a. m., at the French Embassy.

[Here follows the final section of these minutes in which the Foreign Ministers discussed the Austrian Treaty, printed volume IV.

Conference files, lot 59 D 95, CF 97

United States Delegation Minutes of the Tripartite Foreign Ministers Meeting at the Foro Italico, Wednesday, November 28, 1951, 9:30 a.m.

SECRET [ROME,] November 28, 1951.

PAR M-4

PRESENT

FRANCE
Foreign Minister
Robert Schuman
M. Alphand
M. Parodi
M. Sauvagnargues

UNITED KINGDOM
Foreign Minister
Anthony Eden
Mr. Frank Roberts
Mr. Bruce Richards

UNITED STATES
Secretary Acheson
Secretary Lovett
General Bradley
Mr. Perkins
Mr. Byroade
Mr. Nash

SECURITY CONTROLS ON GERMANY

M. SCHUMAN opened the meeting by indicating that he had consulted with M. Bidault and he wished to present amendments to the U.S. proposal on security safeguards.[1] (See Tab A attached)

MR. EDEN stated that he considered Schuman's redraft really raised the same question that had arisen before, namely as to whether the U.S.-U.K. could accept security controls on Germany through the mechanism of the EDC. He also questioned the phrase which read "that safeguards of this nature are required in view of the present international situation". It seemed to him this was not a good description of the situation inasmuch as safeguards on Germany were not required due to the present international situation.

MR. ACHESON said that he did not consider Schuman's proposal advanced us very far from where we were at the beginning of the conversations on this subject. Schuman's proposal reintroduced "heavy weapons" which still had to be defined and we had been in fact unable to define in any satisfactory manner this category of weapons. He also stated that the proposal of Schuman's to use the EDC to administer these restrictions seemed to place discrimination within the EDC on Germany.

MR. ACHESON continued that he had thought over night on M. Schuman's question of yesterday as to whether the U.S. and U.K. could accept some arrangement for handling this problem in a positive manner through the EDC rather than by tripartite contract. He stated that, while he could not commit his government, he personally believed some such solution to be the answer. The concept of a framework in Europe strong enough to contain Germany was the most positive safeguard we could ever find. In the EDC it appeared to him that the central allocation of production would be a very positive safeguard and one which would insure that a single force in Europe would result rather than balanced national forces. He stated that he did not see how we could accomplish two conflicting things. On the one hand we were trying to bring Germany into the European Community and European defense arrangements on the basis of equality, while on the other hand we were trying to maintain a status of great inequality in the position M. Schuman had presented. He was afraid under these conditions the whole thing might break down. He stated that he did not believe we had sufficient agreement between us to move forward in further discussions with Adenauer.

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[1] For the text of the U.S. proposal, see PAR M-1, p. 1715.

M. Schuman stated that we should agree nothing would change until the EDC came into being. He queried whether we could not simply tell the Chancellor that we would reconsider the problem at a later date but that there was no point in discussing now how the problem might be handled later on. We should tell Adenauer that restrictions by tripartite contract would be retained for the time being. In the meantime, we could agree that the Allies would not need to administer the controls but that this would be done through the EDF. The Four Powers could agree later on as to how this latter would be done.

Mr. Eden agreed with the first part of M. Schuman's statement but indicated that the second part again provided a solution in which it would seem there would be inequality between the EDC as regards Germany.

Mr. Acheson said he considered we were going backwards in the discussions instead of making any progress at all. M. Schuman's proposal would indicate that we should continue to keep restrictions on the production and ground levels and this at the very time in which such production was desperately needed on the part of the West.

Mr. Eden inquired as to what would happen if the Ministers left Rome without agreement. He wondered whether Schuman would have another chance to speak to Bidault and they could have another meeting on the subject. He further indicated that as far as his government was concerned they were prepared to drop the heavy weapons category completely. Could the French do this? He stated that he thought we must simplify this whole problem and that if our aims were to work out we could not overload our agreements by undue complications.

M. Schuman asked when such changes as we agreed upon would go into effect. Would they go into effect now or when the EDC was in operation?

Mr. Acheson indicated that any contracts on this subject would come into effect when the contractual agreements went into effect. In our present thinking this would be as well at the same time that the EDC Treaty went into effect.

Mr. Acheson asked if there would be any one on the French side after M. Schuman's departure at 12:40 with whom we could continue these discussions.

M. Schuman indicated that M. Bidault would still be in Paris and perhaps a meeting could be arranged with him.

Note: It was decided between Mr. Eden and Mr. Acheson subsequent to the above meeting that no meeting would be arranged with Bidault as it appeared the French would be unable to take any satisfactory position on this subject prior to a meeting of the French Cabinet after the return of Schuman and Bidault to Paris.

Tab A

French Delegation Proposed Amendments to the United States Proposal on Security Safeguards

SECRET [Rome, November 28, 1951.]

Redraft par. 1–4

1. The form in which the German Government undertakes to impose restrictions on its production of military equipment and weapons in the contractual arrangements is of particular importance politically in Germany. The High Commission should, therefore, explain fully to Chancellor Adenauer the reasons for the insistence of the three governments to obtain undertakings in this respect in the framework of contractual arrangements and should request suggestions from him as to the manner in which they can be best expressed. In addition the Chancellor should be told that, although the Allied Governments believe that safeguards of this nature are required in view of the present international situation, they will be prepared to charge the EDF with responsibility for administering these security restrictions. There should be therefore no military security board or other Allied agency charged with responsibility in this field. No provision should be made in the convention on security safeguards for inspection by Allied officials or supervision by them of German activity.

para. 2.
    Add:
        e/ Civil and military (Aircraft)
        . . .
        g/ Heavy weapons (to be defined)
para. 3. No change

740.5/11-2951 : Telegram

The Director of the Bureau of German Affairs (Byroade) to the Office of the United States High Commissioner for Germany, at Bonn[1]

SECRET NIACT ROME, November 29, 1951—1 a. m.

18. For McCloy from Byroade.

[Here follows the first part of this telegram which reported the substance of the Foreign Ministers discussion on November 28 (see PAR M-4, *supra*) of German security controls.]

You may be interested in foll which I had drafted to take place of last two sentences of first para of US proposal as referred to above.[2] It was not introduced or cleared within our del as it was obvious Fr cld not accept such an arrangement at this time. "If in negots with Gers on this subj Chancellor can produce an alternative and concrete plan which wld insure against Ger production in fields named below except as authorized by EDC, the three govts wld be willing to consider his proposal based upon consideration of developments in actual formulation of EDC treaty which are uncertain at this stage. If subj is dealt with in Eur def community treaty they will be prepared review their position and if provisions of EDC treaty are satisfactory, to accept them in place of the contractual safeguards. In this connection three Fon Mins request EDC conference to attempt to work out, as promptly as possible, agreed provisions for control of armament production, incl export and import, by EDC for inclusion in EDC treaty. If EDC treaty does not in first instance contain provisions which are satisfactory substitute for contractual safeguards, three powers wld hope that subsequent EDC arrangements cld be worked out which cld replace such tripartite arrangements, in latter event provision for review shld be made when Eur def community has assumed character which cld be considered by three powers as acceptable substitute in being for continuation of tripartite contracts. Such provision for review cld be made in protocol separate from contractual conventions. It is understood that this convention cld be made public".

Above suggested addition is somewhat inconsistent within itself as it wld request HICOM to negot present list, less heavy equipment, with Gers and at same time put everyone on notice that we were hoping better solution cld be found. It reflects situation in fact, however, in which we find ourselves as we do not know at this stage what final EDF treaty will contain that affects this problem. This is particularly true as Benelux position here has as you know thrown some doubts as to final nature of EDC.

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[1] Repeated to Washington, London, and Paris. The source text is the copy in the Department of State files.

[2] For the text of the U.S. proposal, see PAR M-1, p. 1715.

Regret that this matter left open but see no other alternative. We all agree that if at all possible solution must be found before next mtg with Chancellor. Consider as well that tripartite governmental group no longer desirable as this leads us into wrong element Fr Govt this problem. We are asking Bruce do what he can to solidify Fr Govt position which is now drastically split between FonOff and those who work on EDC matters. In meantime we and Brit can further clarify our sit at home. Hope as well that McCloy in liaison with US observers at Paris conf can propose something more definitive than Chancellor's plan which seemed somewhat sketchy and unworkable in part. In view of Fr position did not attempt to get decision HICOM as body shld work out solution for recommendation to govts. You may wish consider whether you shld attempt this locally.

762A.56/11-3051 : Telegram

The Secretary of State to the President[1]

TOP SECRET — ROME, November 30, 1951—midnight.
PRIORITY

In my message to you of 23 November[2] I reported that Eden, Schuman and I had failed reach agreement in Paris on question of type and extent of continued restriction on production of military items in Germany. The three of us have met here in Rome twice on this subject but likewise were unable to agree.

Background of the problem is as follows:

Since the war the production of military equipment and implements of war have been prohibited in Germany by tripartite decree. At Brussels last year when we agreed that Germany wld have the opportunity to participate in defense, we also agreed upon a list of implements of war which would continue be prohibited in Germany. There remained question for some time as to whether these items were to be the only restrictions on German industry. In Washington conferences of last September we reached agreement, with some difficulty with French, that Brussels list would be the only restrictions to be retained, and that these would be retained not by decree but by contractual agreement with Germans. This list was as follows:

(*a*) Atomic weapons
(*b*) Biological weapons
(*c*) Chemical weapons
(*d*) Heavy military equipment
(*e*) Long-range and guided missiles
(*f*) Military and civil aircraft
(*g*) Naval vessels other than minor craft

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[1] Transmitted as Actel 29 to the Department of State, and repeated to Bonn (eyes only for McCloy). Copies were sent to the White House on December 1.

[2] Actel 20, p. 1609.

In the above Washington conference we attempted to get agreement that item (*d*), namely "heavy military equipment" shld be dropped from list but were unable obtain agreement. Later on, in tripartite working group in London, set up for the purpose of defining entire list of restrictions in exact terms, we had particular difficulty with this item. Through long negotiation we were not able to reach agreement that the Germans, for instance, could make a complete artillery piece of any substantial size. They could make the gun carriage but would have to depend upon someone else to produce the gun barrel and could not manufacture the propellant for the shells. This, of course, is an unrealistic situation, particularly at a time when production in the west of this type of equipment is critical.

In the meantime, Adenauer has taken the position that the retention of prohibitions in Germany along the lines of the above list will be unacceptable to his Parliament. He holds the view that such a procedure would entail obvious discrimination against Germany and would seriously jeopardize the chances of Bundestag approval of the whole concept of German entrance into defense arrangements. He proposes instead that the west accept the concepts inherent in the European defense community negotiation as a substitute for continued tripartite restrictions on Germany. In the negotiations on the EDF all concerned are apparently proceeding upon the assumption that the manufacture of military items other than those allocated through central budget and procurement control and for national purposes would be a violation of the treaty. In addition the European Defense Commissioner will have the role of building a single balance force in Europe as contrasted to balanced national forces. The lack of resources in Europe and the economics of the situation would as well force allocation of production which would result in all nations being unable independently to fully support their own forces.

Schuman was unable to accept in principle any portion of the Chancellor's proposal. Eden and I felt we could not commit our governments but both felt that Adenauer's proposal merited serious study. He and I likewise agree that our present approach to the problem, which would involve when spelled out a lengthy and complex list of restrictions on Germany, and particularly in the ground weapons field, is unworkable. Eden has an idea that we might ask Adenauer to make a voluntary pledge to the west that they would not engage in certain activities and then take the necessary steps internally, presumably by legislation, to insure that Germany did not produce within the specified fields, except by request of the European Defense Force Commissioner. He plans to discuss this with Churchill and others when he returns to London. Schuman will seek clarification of his position in Paris and attempt to reconcile the views of those, such as Monnet, who consider there must be no discrimination against Germany, and of the Foreign Office who cling to the view that the whole list of restrictions must be retained.

My own view, in the case of Germany as with Japan, is that the best avenue to security is in the framework of a positive approach rather than through retention of negative restrictions by legal contract. The difficulty with the latter is that they give illusionary protection for an interim period yet become unworkable at very moment they might be needed in the future. Our security against Germany for the future lies more along the lines of tieing Germany in every possible way to the west through such mechanisms as the Schuman Plan, European defense force and, eventually, NATO. I do not believe we can successfully attempt to accomplish two contradictory programs at same time, i.e., that of bringing Germany wholeheartedly into the west on a basis of equality and that of retaining a distrustful attitude resulting in obvious inequality. The problem is difficult for us in that we cannot yet see clearly how the European defense force concept will work out in practice or indeed what some of the treaty provisions will be that affect the feasibility of that organization being effective on this subject. I believe, however, we need at this particular time a degree of flexibility for our people on the spot in Europe to attempt to work out the best solution. I should like your approval to inform McCloy that he should work out, in liaison with Bruce, and for our final approval, such a solution as he can which will fit the political situation in Germany and be consistent with developments in the EDF conference in Paris. Regarding procedure it is possible for us to influence drafting of the EDF treaty so that it would provide the greatest safeguard for the future. I am seeking your approval of this general procedure at this time because I am convinced that ultimate solution of this problem will involve the discontinuance of tripartite security safeguards on Germany in favor of some form of international control and that negotiations in Europe will lead us automatically in this direction.

I am asking the State Department to show this message to Bob Lovett since he participated in the discussions here and may wish to comment directly to you. I should hope that in view of our specific retention of final approval in Washington that he would join in my recommendations.[3]

ACHESON

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[3] On December 3 McCloy was informed that President Truman and Secretary of Defense Lovett had approved this procedure and that he was authorized to proceed in the manner outlined by Secretary Acheson. (Telegram 501 to Bonn, November 30, 762A.56/11-3051)

740.5/12-1051 : Telegram

The Chargé in France (Bonsal) to the Acting Secretary of State[1]

SECRET PARIS, December 10, 1951—7 p. m.

3484. Below is informal translation of Fr memorandum on security controls referred to in Embtel 3464, December 10 (rptd London 917,

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[1] Repeated to London and Bonn.

Bonn 136)[2]. Memorandum bears drafting initials of Sauvagnargues, and was signed by Parodi in Schuman's absence. Shld be read in context with Rome's Secto 102 (rptd Bonn 18, London 248)[3], and related messages. We shall attempt to obtain clarification as to whether memorandum actually represents final govt position, but consider it desirable to explore this only after Schuman and Alphand return from Strasbourg, at which time Monnet may also have become freed from intensive work of last week TCC analysis.

Subject to review by Amb Bruce when he returns from London, we recommend that Fr invitation for tripartite high-level talks on security controls be accepted. Dispatch of memorandum wld seem to force us to take up tripartite talks again, but we will continue nevertheless under instructions of last para Secto 102. Brit Emb is recommending in same sense to its govt. (Further comments, which may be useful in reply to Fr, will go forward in separate msg).

Begin translation. As American and Brit Govts know, it has not been possible for three FonMins at Rome conf to examine thoroughly, nor to solve, the question of prohibitions that shld be maintained in Germany in security field.

At end of those consultations, it was understood that problem wld be taken up again at governmental level, in order that the three HICOMS shld be able discuss with Chancellor Adenauer the convention on security guarantees. In view of fact that next meeting of HICOMS and Chancellor on this subject is to take place in near future, Fr Govt suggests that conversations take place at Paris, at highest possible level, in order to set the allied position down in definitive fashion.

Even before the beginning of those conversations, Fr Govt wld like to inform American and Brit Govts of the grave misgivings which are created in its mind by the divergencies which appear at present in this field between the three powers.

At the Rome conversations, it was indicated that Fr counterproposal of Nov 27, to the American proposal of Nov 21, brought up no new element in comparison with position defined in Wash three months ago. Fr Govt, on its part, did not think that the agreement which had been concluded in consideration of establishment of the European Defense Community, wld be so quickly opened up again. It finds it necessary to underline the fact that proposal in question involved relinquishment of the idea of the organism of inspection that had been envisaged, which was to take the place of Mil Security Board.

By envisaging in this manner a European solution to the problem of how to apply the security restrictions, Fr Govt considers that it made an important concession.

It must state, on other hand, that the American proposal of Nov 21 seems hardly acceptable. It eliminates all restrictions in the field of heavy arms which is the very field that possesses a particular political importance in the eyes of French public opinion. That proposal also gives a provisional character to the Convention on Security Controls, which amounts to saying that all contractual limitations upon German industrial armament activities wld disappear quickly, and that the same wld be the case in field of scientific research that is oriented toward military purposes.

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[2] Not printed; it reported, *inter alia*, that the French Foreign Office had transmitted a lengthy memorandum on security controls. (740.5/12-1051)

[3] Printed as telegram 18, November 29, p. 1729.

Fr Govt feels it necessary to call attention of Brit and American Govts to the very grave repercussions which may result from such a position.

It is certain that public opinion and French parliament wld be less likely to accept the sacrifices which are involved by establishment of the European Defense Community if that creation were to have consequence of eliminating all kinds of restrictions upon mil production.

One can certainly understand perfectly well that the three powers shld be concerned to accommodate as much as possible the German sensibilities, in order to facilitate the acceptance of the contractual agreements by Federal parliament. It must not be concealed, however, that, by going too far in this direction, the three powers run risk of creating difficulties in France that are at least as great.

French Govt finds it difficult to believe, moreover, that the American and Brit Govts, given the special position of Western Germany, wld be ready to envisage the eventual abandonment of all restrictions in the field of atomic energy, of biological and chemical weapons, of aviation and naval construction.

From the political point of view, it appears appropriate to appraise, on the other hand, the consequences that wld arise in the general field of East-West relations, if there were a decision to terminate all restrictions in field of armament. In the course of work on the general agreement between Federal Republic and the Allies,[4] the three govts have been constantly concerned lest the eventual resumption of conversations with the Soviet Union be rendered impossible. The Fr Govt, to be sure, has no illusions about the chances of success of such negotiations, but it continues to be concerned that no situation shld be created from which there wld be no way out except through application of force.

Chancellor Adenauer has declared that he wld like to settle the problem of prohibitions exclusively within the framework of the convention on the creation of a European Defense Community, which is being worked out in Paris.

The Fr Govt on its part wld have been disposed to accept this proposal if it were capable of practical application. That is unfortunately not the case.

While it is, indeed, desirable to give a European solution to the problem of the implementation (*mise en oeuvre*) of these prohibitions, it is not possible to have the prohibitions themselves enter in the framework of the European Defense Community which is founded, as the Chancellor himself recalls, on the principle of non-discrimination. If such restrictions were to be written into the treaty on the European Defense Community, they wld be automatically applicable to all the member states. On the other hand, in the absence of precise stipulations that are laid down in a document outside of the treaty, it wld be evidently impossible for the European Defense Commissioner to justify that certain orders cld not be placed in Germany.

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[4] For documentation on the General Convention between the Federal Republic and the Western Allies, see pp. 1446 ff.

Meanwhile, and if it is objected that it will be very difficult to have the German Govt accept restrictions of this kind, it may be sufficient to recall that that govt, through the person of its representative Mr. Blank, had spontaneously proposed, in the course of the Petersberg conversations,[5] that it wld refrain from all armament production, except such as might be specifically asked for by France.

The commitment that we wld ask the Federal Govt to assume at this time, within the framework of the contractual arrangements, wld be of a much more limited scope and wld correspond to the legitimate desire of the three powers to see a substantial German contribution to the defense effort of the western nations, even while respecting the safeguards whose maintenance is required by the general situations.

End translation.

BONSAL

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[5] For documentation on the talks at Bonn, January 4–June 6, concerning a German contribution to Western defense, see pp. 1647 ff.

762A.0221/12–1151 : Telegram

The Acting Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn[1]

SECRET WASHINGTON, December 11, 1951—8:05 p. m.
PRIORITY

611. Bonn for McCloy. Brit Emb today presented memo re security controls for Ger containing UK proposal along lines indicated by Eden in para 6, Secto 102, Nov 29, sent Bonn 18, rptd London 248, Paris 338.[2]

Fol is summary UK proposal: Suggests full HICOM explanation to Adenauer re need of Occupying Powers for undertakings in this field and request for his suggestions re form and manner of undertakings. UK wld be satisfied with Ger Govt declaration simultaneous with entry into force of contractual arrangements and wld be prepared review position when EDC begins to function satisfactorily and when alternative arrangements providing security powers concerned can be made. Remainder UK proposal accepts US proposal Paris FonMins (Secto 65, rptd London 529, Bonn 88 [3]) with modification to provide for unilateral Ger declaration rather than contractual convention. *End summary.*[4]

Brit Emb Rep stated Eden had considered carefully US and Fr views expressed at Rome mtgs but had concluded above solution preferable to one using EDC as framework, for fol reasons: (1) doubtful

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[1] This telegram was drafted by Calhoun, cleared with Jacobs and Lewis, and repeated to London and Paris.

[2] Printed as telegram 18, November 29, p. 1729.

[3] Not printed; for the U.S. proposal, see PAR M–1, p. 1715.

[4] On December 12 Embassy Paris reported that it had also received a copy of the British proposal. Telegram 3501 from Paris, December 12 (740.5/12–1251).

EDC countries, other than Ger, wld be willing to accept controls over armament for purpose settling essentially Occupying Powers–Ger problem; (2) even if this possible, procedure wld further delay build-up Eur armament production and if negots on safeguards unduly prolonged Gers might refuse ultimately to accept them; (3) present uncertainty re form, powers, future development of EDC; (4) difficult domestic Brit factor of justifying turn-over of vital responsibilities re Ger to org of which UK not member.

Brit Emb Rep informed we wld study Brit proposal carefully.

WEBB

740.5/12–1351 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, December 13, 1951—7 : 24 p. m.

3478. For Bruce. You are authorized accept Fr invitation for tripartite high level talks on security controls in Paris if after contact with McCloy you consider such mtg wld be useful. If you decide accept invitation we request that you be US Rep at mtgs on this subj. You shld make clear to Fr, if they take line forecast in their *Aide-Mémoire*,[2] we cannot agree to restrictions on heavy milit equipment or on inspection procedure. You shld indicate we think Brit proposal [3] offers a basis for an approach to Gers. We suggest that HICOMS be asked to work out an approach to Adenauer along lines of Brit proposal.

FYI, in conversation with Byroade on Dec 5, Monnet indicated he believed only possible solution for Western security controls for Ger wld be relinquishment of tripartite contractual arrangements in this field with reliance being placed on the common budget and procurement framework of EDC to furnish a positive approach which wld insure an unbalanced production of milit items in Ger. He stated he believed that Pleven and the Cabinet wld face up to this type of solution but that a Cabinet decision to that effect cld not be reached immed. He further indicated he saw hope that they might be able accept some solution within a matter of couple of weeks. In meantime he indicated they wld continue their direct conversations with Gers to see if some plan acceptable to both might be found.

Our hesitation in accepting Fr invitation lies solely in fact that such discussions will probably be under auspices of elements of Fon Off that do not favor Monnet's and Alphand's approach to problem.

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[1] This telegram was drafted by Byroade and Jacobs, cleared with Laukhuff, and Knight, and repeated to Bonn for McCloy and to London.

[2] Transmitted in telegram 3484, December 10, p. 1732.

[3] A summary of the British proposal was transmitted in telegram 611, *supra*.

Also, FYI, President has approved procedure recommended by Sec in Actel 29, Nov. 30 from Rome[4] which was hand carried to Bruce by Byroade on Dec. 2 and McCloy has been informed.

ACHESON

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[4] Not printed; it transmitted the text of Secretary Acheson's message to President Truman, dated November 30, p. 1730.

740.5/12-1451: Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

SECRET PRIORITY PARIS, December 14, 1951—4 p. m.

3560. Re Embtels 3484, Dec 11 and 3464, Dec 10.[2]

1. We informed Alphand that we were extremely disappointed in two memos on security controls sent to us during his absence in Strasbourg and asked whether memo represented results of Cabinet reconsideration that Schuman had agreed to in Rome. Alphand replied that he and François-Poncet had pressed FonOff and Cabinet to realize that excessive restrictionism reflected in memorandum wld prejudice policy of bringing West Ger into Eur community on basis of equality and that EDC concept offers only real safeguard against resurgence of Ger natl militarism. They had not yet had much success.

2. According to Alphand, even sympathetic members of Cabinet including Pleven, are primarily concerned with presentation to Fr Parl. They do not yet fully understand safeguards in EDC and doubt whether a convincing presentation cld be made to Fr Parliament and Fr people without substantial specific restrictions on production in addition. Hayter of Brit Emb says Parodi in recent conversation with him stressed repeatedly that while US and UK might be most concerned over aircraft and naval vessels, Fr and Russians were worried about tanks. Alphand said that number of Mins were only seeking "some restrictions" and he seemed reasonably optimistic about his govt at least substantially reducing list of heavy weapons. He is obviously worried about reaction of FedRep on acceptance of EDC and urged that we continue to press for reduced list and for re-examination when EDC is in operation.

3. We are less sanguine than Alphand as to willingness of Fr to make concessions until Adenauer speaks directly to Pleven. Fr officials, including Alphand, have a gen feeling that Adenauer will make a deal with them accepting restrictions that we are now seeking to eliminate. Sauvagnargues argues that in his view FedRep shld be approached before Three Powers reach final position making con-

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[1] Repeated to London and Bonn.

[2] Telegram 3484, p. 1732; telegram 3464, not printed, but see footnote 2, p. 1733.

cessions going beyond position Germans might accept. He points out that Adenauer accepted limitations upon Ger sovereignty inherent in gen agreement and is willing to explain this to Ger people as required by particular situation in which Ger finds itself. Chancellor in his view can make the same explanation on retention of security controls. Another difficulty is the constant reminder that US and UK accepted restrictions on heavy equipment in Washington and even now are seeking restrictions on production of items in Ger which are of primary interest to them and some of which are equally inconsistent with EDF concept.

4. Sauvagnargues states that nothing can be gained by further exchange of notes and that tripartite discussions offer only means of reaching agreement. However, we are inclined to believe that in any memo accepting requested talks it wld be useful to set out US position. In our view reply shld not be a refutation of points in Fr memo but more an explanation of reasons why we consider it imperative to have a relaxation of present restrictions. Fol points might be included:

(*a*) Agree with necessity to insure that Ger is not again free to utilize its productive capacity for armament to further natl designs against its neighbors but point out that much more serious threat of Sov aggression against Eur makes it imperative that Three Powers not impose excessive limitations which in effect prevent Ger productive capacity from serving Eur.

(*b*) Agree that Fr Parl and Fr people are justified in questioning again permitting industry in Ger to be devoted to armaments but point out that Ger Parl and German people also have right to expect to participate in Eur def community without unwarranted restrictions once they have accepted solemn undertakings in EDF treaty and demonstrated their willingness to carry them out.

(*c*) Agree that consideration shld be given to possible Sov reaction to def production in Ger but point out that failure to find means to obtain use of resources in Ger for def wld be in interest of Sovs and against those of Western nations and that best means to demonstrate defensive purpose of Allied actions is to integrate defense contrib from Ger firmly under common Eur control.

(*d*) Urge that in interests of equality West Ger shld be called upon to make a defense contribution from its own resources equivalent to those carried by other West nations. Excessive restrictions may enable Ger to benefit from a preferred position for econ development and for capture of world markets.

(*e*) Underline that US in its proposal of Nov 21 was seeking to find a Three Power agreement which wld most contribute to full support of EDC by Parliaments of all participating countries, to positive and lasting safeguards against Ger aggression, to binding Ger irrevocably to free nations and to defensive strength of North Atlantic community.

5. Dept is aware that there are two schools of thought in FonOff with respect to security controls. It is now clear that the more restric-

tive school of thought represents the official govt position, at least for the time being. We believe that in our tactics in dealing with Fr on this issue we shld not attempt to meet the more restrictive school head-on, but shld reassure them regarding our overall intentions and explain that we understand their preoccupations, while at same time pushing such arguments as will assist the more liberal school to prevail eventually.

Purpose of reply on above lines wld be to strengthen hand of those in Fr Govt sharing our views to win over support of moderates by a better understanding of safeguards inherent in EDC and by a demonstration that failure to take fullest advantage of EDC jeopardizes success of present Fr policy to reach a solid understanding with Ger. We shld show ourselves sympathetic to devising means to meet real problems of presentation to Fr Parl and Fr people. Adenauer accepted continuance of Ruhr Auth until Schuman Plan institutions were actually set up and functioning. A similar approach may be useful in obtaining Fr agreement to a later substantial reduction in security controls. It may also be helpful for EDC treaty to set out principle of interdependence for armaments among participating nations binding executive of community to arrange specialization of production so that no one nation cld independently support armed forces effectively.

6. With ref to Fr memo forwarded in Embtel 3464, Brit Emb informs us that Brit Govt intends to drop request that Fr keep Monnet's commitment to TCC.[3] According to Hayter, Plowden stated TCC no longer seeks this info. We nevertheless hope that a survey similar to one requested by TCC can be undertaken in connection with preparations for production orders to be placed in Ger immed upon ratification of EDC treaty.

7. Brit Emb informed us today that UK has accepted Fr request for tripartite talks. Pls advise.

BRUCE

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[3] For documentation on the work of the NATO Temporary Council Committee (TCC), see pp. 1 ff.

762A.5/12-1951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET BONN, December 19, 1951—11 p. m.

801. To facilitate tripartite discussion in Paris on security controls, I discussed subj with Chancellor this afternoon. I explained our con-

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[1] Repeated to Paris and London.

versation was purely exploratory for purpose of assisting in formulation of Amer position in tripartite meetings.

Inasmuch as his proposal to regulate production of war material thru EDC had not apparently been acceptable to all members, our task now was to find solution which Ger cld itself propose with dignity and which at the same time cld reassure public opinion throughout the world. I suggested that these ends might be achieved thru Ger undertaking by which Ger wld in light of existing condition voluntarily agree to prohibit by Ger law production of such categories of armaments as atomic, biological and chemical weapons, long range and guided missiles, aircraft (civil and milit) and certain naval craft. Furthermore, Ger wld undertake to limit production in other armament fields to those allocated by Eur def commissioner for production within Ger (this wld take care of limitations on heavy weapons desired by Fr). To insure adequate control, Allied laws in these fields wld remain in effect until appropriate Ger laws cld be substituted. At same time, Allies wld agree to amend their existing legislation so as to take care of Eur def production and to turn over implementation of such legislation to Gers, thus abolishing MSB.

Chancellor recognized need for some such action but again emphasized impossibility of accepting any system which implied discrimination against Ger. He still has hopes of bringing about general agreement within framework of EDC and said Ger del in Paris was presenting a proposal which wld give Eur def commissioner auth allocate armaments production and wld prohibit any additional production of armaments without express auth of EDC. Control of these provisions wld be placed under SHAPE. If such proposal not acceptable, he agreed to consider the possibility of undertaking along lines which I had outlined, provided Ger and Ger scientists wld be allowed participate in atomic research in other countries and construction of civil aircraft permitted. He stressed the importance of not excluding Ger from scientific research of this character as this wld hamper Ger's econ development. He felt it wld be impossible to explain to Ger public opinion and to Bundestag why Ger wld be allocated 1700 planes in Eur army and yet not permitted to manufacture any civil aircraft. He was prepared to agree that cost of manufacturing aircraft wld probably prevent Ger from engaging in this production but thought prohibition on manufacture wld be polit impossible.

Provided these conditions can be met, Chancellor seemed prepared to accept undertaking to pass whatever Ger legis wld be necessary to maintain effective controls in Ger.

Blankenhorn added subsequently in private conversation that if EDC solution not acceptable, he felt Ger undertaking cld be made which wld stress necessity for special limitations on armaments production in Ger because of its strategic position in Eur and threat of outside aggression.

In view of Chancellor's apparant willingness to move in this direction, I feel it is important promptly to arrive at common Allied position in order that we may close the discussions. I consider Chancellor's two conditions not unreasonable in light of polit situation here and urge they be given careful consideration. Gen Hays, who participated in this conversation is leaving Thurs evening for Paris for consultation with Bruce and UK and Fr reps.

McCloy

740.5/12-2251 : Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

SECRET PARIS, December 22, 1951—3 a. m.
PRIORITY

3751. Deptel 3478, Dec 13[2]. Mtg on security controls took place Dec 21 with Parodi (Fr), assisted by La Tournelle, Seydoux and Sauvagnargues; Sir Oliver Harvey (UK), with Lincoln of Brit FonOff and Hayter and Price; and myself, Gen Hays, Tomlinson and Herz for US.

Discussion yielded important Fr concession on heavy weapons, but they insisted on contractual arrangement approach. If this fails, they will meet us again to discuss matter further.

Parodi will advise Schuman to impress upon Adenauer on Dec 27 at EDC FonMins mtg Fr parliamentary difficulties in event Adenauer does not cover this question by contractual arrangement.[3] Brit and ourselves undertook to furnish Fr prior that date our govts comments on Fr views developed in conversations today. If matter not resolved by Schuman-Adenauer talks, HICOMS if agreed by US and UK wld make effort at earliest opportunity to settle affair contractually.

Parodi dwelled repeatedly and emphatically on history these negots, substantially along lines Fr memo (Embtel 3501, Dec 11[4]) complaining that Fr had made concession after concession, first at Brussels, then at Wash, then at London, always with view to making security controls acceptable to Gers. Now it is time to consider acceptability also to Fr Parliament and Fr public opinion. He insisted that Schuman's position before Fr Natl Assembly wld be "precarious" and approval of EDC treaty by Fr Parliament very doubtful if Fr Govt not in position to give assurances that beyond safeguards contained in treaty there wld be other safeguards to prevent Ger from acting independently in pursuit of natl policy objectives.

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[1] Repeated to London and Bonn.

[2] *Ante*, p. 1736.

[3] For documentation on meetings of the EDC Foreign Ministers beginning December 27, see pp. 755 ff.

[4] Not printed, but see footnote 4, p. 1735; for an informal translation of the French memorandum under reference, see telegram 3484, December 10, p. 1732.

Parodi objected to principle of lowest common denominator of tripartite agreement before embarking on negots with Gers; recalled that Gers themselves had originally, and again subsequent to Petersberg discussions, shown themselves ready to recognize Fr susceptibilities; spoke of false position of western powers if they allow FedRep to "blackmail" them in connection with def contribution; expressed opinion that maintenance of effective controls by contract wld in some way make Ger contribution less objectionable to Soviets; and dwelled on impracticability of exercising controls through EDC since def commissioner wld be derelict in duties if he took any other criteria into consideration than non-discrimination and greatest efficiency in placing community orders.

Gen Hays and I explained that as far as form of undertaking is concerned, our preference for unilateral declaration and legislation is based on assumption contractual arrangement not obtainable. If Schuman can get Adenauer to accept latter, that wld be satisfactory. If he can elicit from Chancellor some other mutually acceptable formula, our govt wld also consider it sympathetically; but time is pressing and speedy agreement a necessity. Too much time already lost.

We seconded Harvey's argument that as between contract and declaration plus legislation difference is ephemeral. Basically, allied strength in Ger wld be determining factor. We reiterated US view that lasting security for Fr cannot lie in discriminations but would stem from fact that within EDC individual nations cld not be self-sufficient.

Gen Hays explained procedure that wld be acceptable to Chancellor (Bonn's 801 to Dept Dec 19 [5]).

We made it plain that if there is to be non-discrimination within EDC, and if there is to be appropriate production in Ger to allow for adequate Eur def effort, heavy weapons production must be allocated by def commissioner to all participants, including Ger, with effective safeguards preserved by circumstance that orders for components in certain cases cld be spread among various countries. The same might apply to production of tactical aircraft.

Parodi thereupon announced that Fr wld be willing to drop their insistence on heavy weapons limitations except upon (*a*) gun barrels in excess of 105 mm., (*b*) propellant chargers. This wld allow production complete tanks in Ger, and also of ammunition of all calibers but with imported propellant. Explosive charges of shells could be produced in Ger, propellant (gunpowder) being the only component of shell that wld be excluded. Fr added that according to HICOM studies, Ger wld in any event even with greatest exertion be unable to produce propellants before 1954. When we inquired why, under these circumstances, specific prohibition in this field would be needed and why control cld not be left to EDC allocation, Fr replied that they needed assurances that no productive capacity would be created by way of Ger investment, as result of which def commissioner wld be unable at later time to refuse place orders for such items in Ger.

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[5] *Supra.*

It is my own belief that above represents only concession Fr intend to make and that moreover their preoccupation with Parliamentary situation here is by no means unwarranted or exaggerated.

Harvey is recommending to his govt that following contemplated discussion between Adenaeuer and Schuman we should if then necessary instruct High Commissioners to make forceful effort to persuade Adenauer of importance having contractual arrangement rather than declaration. I recommend the same.

If impasse shld thereafter continue, we wld have stronger position in attempting persuade Fr to come along with us. Although in view of intervening holidays it will be difficult to obtain immediate Wash reaction to above, I hope reply may be available here on Wed, Dec 26, so that it can be communicated to Fr before Adenauer arrives for EDC discussions.[6]

BRUCE

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[6] In response to this telegram the Department of State advised Bruce that it believed direct discussions between Schuman and Adenauer would be the best method for dealing with security safeguards. Bruce was also advised that the United States would "be favorably disposed toward any agreement which . . . did not establish serious impediments to Ger production of equipment for ground forces." If the discussions did not produce agreement the United States "would agree reluctantly to pressing Gers for contractual undertaking." (Telegram 3645 to Paris, December 22, 740.5/12-2251)

740.5/12-2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET
PRIORITY

BONN, December 26, 1951—8 p. m.

867. I concur with the proposals contained in Deptel 3645 to Paris (rptd Bonn as 771) Dec 21, 1951.[2] Expert advice on munition production in Germany reveals that the time lag in establishing facilities for the production of propellants in Germany is such that the Commissioner of European Defense must of necessity allocate production of

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[1] Repeated to Heidelberg, Paris, and London.

[2] Not printed, but see footnote 6, *supra*.

propellants to other countries, and that the relatively small number of gun barrels in excess of 105 MM required, wld make tooling up for their production in Germany very expensive and not sound from an economic viewpoint if they can be allocated to other countries for production. Therefore if production of both these items is left to the discretion of Commissioner of European Defense they wld in all probability not be allocated for production in Germany.

As regards the proposals contained in para 2 of Paris 3775 to Dept (rpt Bonn 102), Dec 24, 1951,[3] I do not concur, as I believe such an approach will be unsuccessful and a loss of additional valuable time.

In my opinion an approach to Adenauer to seek contractual undertakings in lieu of a declaration will only have chance of success if content calls for elimination all heavy weapons from list and the provision that production of tactical aircraft be left to the discretion of Commissioner of European Defense to allocate as he sees fit. I fully understand the difficulty over tactical aircraft but my thought is that such aircraft wld certainly not be allocated to Germany because it would take too long. We do want them to produce parts for tactical aircraft such as electronics and perhaps some gun mounts. As regards propellants I do not think it practical to exclude those necessary for police and sporting ammunition.

The formula that I consider acceptable to the Chancellor is to have the foll fields excluded entirely from the jurisdiction and authority of the Commissioner of European Defense and left as natl responsibilities: Atomic weapons, chemical and biological weapons, long-range and guided missiles, navy other than coastal defensive craft, military aircraft other than tactical aircraft. The Chancellor wld then give an undertaking to produce in Germany only such munitions as are allocated by the Commissioner of European Defense in the fields under his jurisdiction and wld prohibit by legislation the production in Germany of all munitions in fields not dealt with by the Commissioner of European Defense unless approval for such production was given by the Allies acting for NATO. So far Chancellor has insisted that this undertaking be in form of a declaration.

I shld point out that the above formula is contrary to present Brit position as regards tactical aircraft and is contrary to US position as regards to both tactical and civil aircraft; moreover do not know whether EDC will be willing to exclude the reference fields from authority and jurisdiction of Commissioner of European Defense.

McCloy

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[3] Not printed; in it Bruce recommended that he be authorized to tell Schuman that if the direct approach to Adenauer did not succeed, the High Commissioners would make a "forceful attempt to have Adenauer accept Fr position" outlined in telegram 3751, *supra*. (740.5/12–2451)

740.5/12–2751 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, December 29, 1951—5 : 22 p. m.

3736. Ref London's 2886 Dec 27 rptd Paris 1327, Bonn 147 [2] and Paris 3824, Dec 27, rptd London 1051, Bonn 207,[3] subj Ger security safeguards.

Brit Emb informed Dept today Brit feel we shld agree to Fr proposal to press Gers for contractual agreement on lines set forth by Parodi at Dec 21 mtg in Paris (ref Paris 3751 Dec 22 rptd London 1001, Bonn 197.[4]) Emb stated Brit feel support shld be given on fol conditions:

1. HICOM shld make effort to reach agreement quickly. Failure to reach agreement shld not result in breakdown of discussions with Gers but shld be followed by three power consultation.
2. Separate agreement on security safeguards with no recourse to arbitration shld not be excluded.
3. Prohibitions shld be subj to modification by three powers in interest of NATO.
4. Settlement shld be subj of review when EDC functioning satisfactorily, and alternative arrangements made to satisfaction of powers concerned.

They explained that, while UK agreed with US reluctance to impose limitations on ground weapons, they believe Fr have moved long way in our direction and that our agreement to press Gers on gun barrels and propellants was price of progress on this subj. They doubt whether anything more can be accomplished unless Fr are convinced Gers will not agree.

Emb stated that FonOff had not realized direct conversations between Fr and Gers were involved. In view of US agreement to Schuman's sounding out of Adenauer, they have instructed Brit Emb Paris that UK has no objection provided UK not necessarily committed to accepting results Schuman–Adenauer talks without further consideration and provided sounding out wld be on basis of Parodi proposal.

Emb informed we agreed proposal shld be tried out on Gers, but thought this shld be done by Fr directly and without commitment as to tripartite position if approach failed. Emb was informed of US statement to Fr as set forth in Paris 3824. Substance of Deptels 3645,

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[1] This telegram was drafted by Reinstein and repeated to Bonn and London.

[2] Not printed; it reported that Lincoln was recommending acceptance of the French proposal on security controls but did not anticipate a favorable German response. (740.5/12–2751)

[3] Not printed; it reported that the French Foreign Office had been informed that the United States "would welcome direct discussion security controls between Schuman and Adenauer." (740.5/12–2751)

[4] *Ante*, p. 1741.

Dec 22 to Paris, rptd Bonn 771, London 3032;[5] and 3650 Dec 25, rptd Bonn 776, London 3037,[6] was given Emb as gen line of present Dept thinking with statement Dept wld wish to look at problem further in light of outcome of Paris talks.

ACHESON

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[5] Not printed, but see footnote 6, p. 1743.

[6] Not printed.

POLICY OF THE UNITED STATES WITH REGARD TO THE UNIFICATION OF GERMANY AND THE QUESTION OF ALL-GERMAN ELECTIONS [1]

962B.00/1-1351 : Telegram

The Liaison and Political Reporting Division to the Office of the United States High Commissioner for Germany, at Frankfurt [2]

SECRET

BONN, January 13, 1951—2 p. m.

518. From Liaison Bonn. Mytel 509 Frankfurt, Jan 11, rptd info Dept 452, London 121, Paris 121.[3]

Fol is our translation of text of Adenauer's statement in reply to Grotewohl letter,[4] which we now understand will be made in form of press declaration next Monday, Jan 15:

I. Since establishment of FedRep, the Fed Govt has devoted full efforts to re-establishment of Ger unity in freedom and peace. Fed Govt was the first to profess Ger unity in freedom and to show a concrete and peaceful way toward achievement of this goal. To mention only one of most imporant steps, it is recalled that Fed Govt made a declaration on March 22, 1950 concerning holding of all-Ger elections.[5] This included the foll:

> "The Ger Fed Govt has since its founding recognized no more important task than that of re-establishment Ger unity. It is conscious that the sought-after Governmental order comprising whole of Ger must come as result of free decision on part of entire Ger people. . . .[6] In accordance with its responsibility set forth in preamble and final article of Basic Law, Fed Govt directs an appeal to all Gers, to all occupation powers, and beyond that to the entire world to aid Ger people in its reunification and peace and freedom."

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[1] For previous documentation, see *Foreign Relations*, 1950, vol. IV, pp. 590 ff.

[2] Repeated to Washington, London, Paris, and Moscow. The source text is the copy in the Department of State files.

[3] Not printed; it reported the substance of the reply to Grotewohl's letter. (762B.00/1-1151)

[4] On November 30, 1950, Otto Grotewohl, Minister President of the "German Democratic Republic", had sent a letter to Chancellor Adenauer calling for the establishment of an all-German Constituent Council, charged "with the task of paving the way for the conditions under which free, all-German elections to a National Assembly could be held." During December the Federal Republic had discussed the substance of its reply to this request, while the United States, the United Kingdom, and France had considered the impact of this proposal on their plans to integrate Germany into Western Europe. For documentation on the Grotewohl proposals, as they came to be called, see *Foreign Relations*, 1950, vol. IV, pp. 590 ff.

[5] For documentation on this declaration, see *ibid.*

[6] Omission indicated in the source text.

The most significant point in declaration of March 22, 1950 states: "After promulgation of an election law by the four occupation powers, all-Ger elections for establishment of a constituent national assembly will be conducted." The conditions for such elections are set forth in declaration as follows:

> "1. Freedom of action for all parties throughout Ger and renunciation on part of all occupation powers of any attempt to influence formation and activity of political parties.
>
> 2. All occupation powers and Ger authorities shall guarantee both before and after election the personal security and protection against economic reprisals of all persons actively associated with political parties.
>
> 3. Complete freedom of press including freedom of licensing and distribution for all newspapers throughout Ger.
>
> 4. Freedom of movement for persons throughout Ger and elimination of interzonal passes."

Ger Bundestag has always supported Fed Govt in its attempt to restore Ger unity and Bundestag requested Fed Govt again on Sept 14, 1950 "to urgently petition the occupation powers to permit free, general, equal, secret and direct elections to an all-Ger Parliament under international control in all four occupation zones." These proposals were submitted to Allied High Commission on Oct 1 and further transmitted on Oct 9, 1950 to Chairman of Sov Control Comm in Ger, Gen Chuikov. Fed Govt therewith states that as of this date no answer to this has been received from Sov side.[7]

II. If authorities of Sov Zone are declaring in letter of Nov 30, 1950 that they now wish to strive for reunification of Ger, it must be stated in this connection that those who have renounced the Ger territory East of Oder and Neisse in Warsaw agreement do not appear to be authorized to speak of reunification of Ger. According to view of Fed Govt, fol conditions are essential to free all-Ger elections:

> 1. Ger citizens now living in Sov Zone must be guaranteed that measure of personal freedom and security which is indispensable in a State founded in law and justice (*Rechtstaat*).
>
> 2. Gers living in Sov Zone and their organizations must be guaranteed the political freedoms traditionally practiced in a democratic state such as freedom of assembly, of organization, and of political activity. So-called "law for protection of peace"[8] which came into force Dec 16, 1950 in Sov Zone is incompatible with these freedoms; for even though text of this law is directed against "war mongering" and similar misdemeanors, its interpretation by SED organs reveals clearly that in reality law will be used for suppression of all freedom of expression and particularly all criticism of prevailing circumstances in area under control of Sov power.
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> 3. The steadily-growing peoples police troops of a paramilitary character which have existed for a long time in Sov Zone present, according to opinion of Fed Govt, a threat to Ger

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[7] For documentation on the Bundestag proposals and their transmission to General Chuikov, see *Foreign Relations*, 1950, vol. IV, pp. 590 ff.

[8] For the text of the "Law for Protection of Peace", see Ruhm von Oppen, *Documents on Germany*, pp. 536–538.

people particularly because of fact that they are a tool of a fon power. No such peoples police troops exist in area of Fed Rep. There is no place within a free all-Ger solution for a party instrument steered by a fon power.

III. Fed Govt is in agreement with all Gers that no opportunity shld be missed for restoration of Ger unity in freedom and peace. Fed Govt can however enter into talks concerning Ger reunification only with those who are prepared to recognize and guarantee without reserve a constitutional order, a free form of Govt, protection of civil rights and preservation of freedom.

IV. With regard to assertions contained in introduction of letter of Nov 30 to effect that "the remilitarization and inclusion of West Ger in plans of war preparation have deepened cleavage of Ger," Fed Govt states with emphasis: the unfortunate split of Ger originated with importation into Sov Zone of a system of Govt foreign to Ger tradition and character through which population of this Zone has been deprived of every possibility of freely developing its own political, economic and social life and has been cut off from normal contact with brothers in West. In this manner, a gradual fusion of Ger on basis of freedom has been forcefully prevented. This split has been intensified through establishment of a strong peoples police which is all the more difficult to bear since it represents a part of an extraordinary deployment of military power of Sov occupation authority. By comparison, Fed Govt has thus far refrained from any military measures, a fact which authorities of Sov Zone cld not have failed to notice. (*End text*).

According to Blankenhorn, there is still some objection from Kaiser to this draft, and hence possibility that it may be further amended and even that its issuance may be further delayed.

962B.60/1–1851: Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, January 18, 1951—2 p. m.

5922. PEPCO. Though Chancellor's reply to Grotewohl letter (Bonn's 459, January 13 sent Frankfort 518[2]) not entirely satisfactory from psychological point of view and apparently anticipated by Soviets and GDR (Berlin's 957, January 16 sent Frankfort 1080[3]), it marks advance in that it (*a*) represents document agreed to by all Bundestag factions except KPD (Communist), (*b*) aligns FedRep behind allied unity formula as expressed in letters of HICOG's to

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[1] Repeated to Bonn, Berlin, London, Paris, Moscow, Prague, Warsaw, and Vienna.

[2] *Supra*. The text was released on January 15, at a press conference.

[3] Not printed; it reported the reaction of the East Zone press to Adenauer's reply and commented that the speedy negative Communist reaction indicated "tenor Adenauer's answer anticipated by SED and initial party line fully prepared." (962D.60/1–1651)

Chuikov[4] and (*c*) thus re-enforces our public position on German unity in any forthcoming CFM.[5]

Unfortunate response so long delayed, but Chancellor caught between his own initial rebuff of proposal, ground swell of public sentiment in favor Germans talking among themselves (our opinion polls reveal 60 percent Germans favored principle of talks as proposed by Grotewohl), and intransigent attitude of Socialists that door should be slammed on any discussions with GDR Communist. Kaiser, Minister All-German Affairs, and Wehner, Socialist CHM Bundestag Committee All-German Affairs, have informed us privately that document ran through 29 drafts and that toward end pressure on Chancellor to give somewhat conciliatory reply rose steadily from *laender* and municipal officials throughout FedRep. Under circumstances, and considering its multipartisan nature, document perhaps best that could be expected but it suffers from defect that its non-conciliatory tone and its enumeration of conditions are being interpreted in West German press as tantamount to rejection of talks which might have advanced German cause. Our press summaries will continue report on this as editorial reaction develops further.

Under tripartite position agreed by PolCom, we intend to continue to treat whole subject gingerly and to seek leave impression of non-intervention in matter which up to now we have regarded as German affair. HICOG's thus not making any formal or polemic statements. British have commented response in harmony with previously expressed UK position and on behalf McCloy we have issued brief statement that Chancellor's statement in line with HICOG's free-election proposal to Chuikov, which remains unanswered by Soviets. French tell us they will probably have no comment. We plan no political move (such as reiteration offer negotiations electoral law on HICOM–SCC level) to exploit response or carry forward Kaiser's new call for free all-German elections to a national assembly wherein Germans may talk and draft new constitution. Our overt media and our PAO's have been instructed to support Adenauer–Kaiser lines by emphasizing desirability free elections, improvement conditions within Soviet Zone, and freely elected national assembly as alternative to Grotewohl formula but not, preliminary to CFM, to overstress our prior offer to negotiate electoral law with Chuikov. We do not feel it expedient at this time hammer away either on electoral law offer or unity theme, as such might tend freeze our position before CFM, but we recognize, of course, that we must continue identify ourselves with German unity. We intend remain mute on Oder-Neisse border issue and Adenauer suggestion that Volkspolizei Bereitschaften be disbanded. Latter matter will be subject separate cable.

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[4] For text of the High Commissioners' letter to General Chuikov, transmitted in telegram 121, May 25, 1950, see *Foreign Relations*, 1950, vol. IV, p. 641.

[5] For documentation on the Four-Power Exploratory Talks for drawing up the agenda for a Council of Foreign Ministers meeting, see pp. 1086 ff.

On balance, must be conceded that Grotewohl letter, aided by almost unprecedented propaganda campaign of great variety and flexibility, made definite impact on West Germans and proved again that blood thicker than ideology in respect attainment German unity. Other side of this coin is that broad popular response to Grotewohl proposals, which connotes latent disposition to effect unity through compromise and *rapprochement*, indicative of trend toward neutralism reflected in recent opinion polls. Soviets have obviously not exhausted possibilities open to them and we may expect follow-up designed exploit measure of West German dissatisfaction with Adenauer reply, which, however, Soviets may tend to overestimate or overplay. In any event, we are not yet through woods on this issue and must follow closely in developing tripartite positions for CFM. Soviets obviously attach great importance to all-German talks, or convocation all-German constituent council within framework Grotewohl proposals, before CFM, towards ends, we suspect, of (*a*) tapping mainspring German desire for unity, (*b*) developing "German voice" to exploit as sounding board before and during CFM (Berlin's 897, December 30, sent Frankfort 1016 [6]), (*c*) gaining color of recognition for GDR, and (*d*) challenging Adenauer–Kaiser position (implicit in Chancellor's reply) that German unity responsibility of Four Powers rather than of Germans.[7] Propaganda emphasis will probably remain on latter point, together with corollary that Adenauer line dictated by allies (especially US) for purpose appealing to German nationalism, chipping away at our authority and prestige, and coercing us into CFM. Entire "Grotewohl episode" insidious example of Soviet political-propaganda move designed further isolate us from German people.

McCLOY

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[6] Not printed.

[7] Next to part (*d*) Calhoun had written in the margin of the source text "sensitive point".

Editorial Note

At a special session of the People's Chamber (*Volkskammer*) of the "German Democratic Republic" on January 30, Grotewohl replied to Adenauer's statement with a point by point contradiction of the Federal Republic's position, reiterating that the continuing need was for East and West Germans to sit down together for talks on German unity, stressing that the Chancellor's remarks were completely negative and merely an attempt to prevent understanding, and accusing

West Germany of "sailing full steam into a policy of chauvinism, revisionism and militarism."

At the end of the session the People's Chamber adopted a resolution (*a*) calling for the convocation of an all-German Constituent Council (AGCC) to bring about understanding on all questions which had to be solved to secure peace and reunify Germany and (*b*) enumerating the powers which its representatives would have at such a Council.

For the text of Grotewohl's address to the People's Chamber, see Grotewohl, *Im Kampf um DDR*, pages 320–334; for the text of the People's Chamber resolution, see Folliot, *Documents on International Affairs, 1951*, pages 269–271 or *Documents on German Unity*, volume I, pages 175–176. The Berlin Element of HICOG reported on these events in telegrams 995 and 999, January 31 and February 1, neither printed (762A.00/1–3151 and 762.00/2–151).

662A.62B/2–451 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET PRIORITY FRANKFURT, February 4, 1951—6 p. m.

6447. PEPCO. Comparison of HICOG's May 26 and October 9 letters to Chuikov (first of which enclosed FM's May 7, 1950 statement on conditions of German unity), Bundestag's resolutions of March 22 and September 14, and Chancellor's statement of January 15, on one hand, with Grotewohl letter of November 30 (Frankfort's 5922, January 18) and Volkskammer resolution of January 30 (Berlin's 995, January 31, sent Frankfort 1120), on other, discloses these points of difference: [2]

1. Basic differences in approach re establishment of forum for all-German talks, role of free elections, creation of provisional government, and pattern of control of four powers over new all-German government. Soviet/GDR offer made in Grotewohl letter and renewed in Volkskammer resolution is that equal number FedRep and GDR representatives convene in *ad hoc* group to discuss ways and means of establishing an all-German constituent council (AGCC), that AGCC be empowered to discuss "all questions which must be solved for securing peace and for reunification Germany" and "prepare for establishment of all-German sovereign, democratic and peace-loving provisional government", and that AGCC (apparently after establishment of provisional government) submit proposals (apparently

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[1] Repeated to London, Paris, Moscow, Rome and Brussels.

[2] For documentation on the letters of May 26 and October 9, the resolutions of March 22 and September 14, and Grotewhol's letter of November 30, see *Foreign Relations*, 1950, vol. IV, pp. 590 ff. For the text of the Foreign Ministers statement of May 7, see *ibid.*, vol. III, p. 1086. For telegram 5922 see p. 1749; telegram 995, is not printed, but see editorial note, *supra.*

intended to mean decisions reached by AGCC) to four powers "for joint approval". Grotewohl letter indicates AGCC might also discuss elections to an undefined type of national assembly (thus borrowing terminology from previous Bundestag resolutions and HICOG's letters to Chuikov), but role latter left vague and Volkskammer resolution seems to make it clear that negotiation terms German unity and elections would be performed exclusively by AGCC. This position negates Allied-FedRep positions that new all-German government should emerge as result new all-German constitution (negotiated in freely-elected national constituent assembly (NCA) and ratified by people) and that all-German government should be subject to four power supervision pending conclusion of peace treaty. Whereas Allied-FedRep position envisages free elections to NCA as first step (Bonn's 497 and 498, February 1, sent Frankfort 581, 582 [3]), Soviet/GDR position, though not specific on subject, would almost certainly make them final step. Whereas Allied-FedRep position is that four powers should preside over emergence new all-German government, Soviet/GDR, for propaganda and other purposes, stand for proposition that four powers should surrender competence over German affairs to Germans, that time has come for Germans to take matters in hand, to become "fifth power", and to emerge as "fifth voice" which would more or less dictate terms of peace settlement, withdrawal of occupation forces, and course of Germany's future. Four powers would not, therefore, control negotiations or decisions within AGCC and AGCC's "proposals" would merely be referred to four powers for "joint approval."

2. This formula, should we accept it and permit all-German talks on terms proposed, would in fact hand control of Germany's future over to Soviets, rather than keep it within control of four powers and freely elected representatives of German people, as contemplated in Allied-FedRep formula proposed in Chuikov letters. Although the Soviet/GDR position is that the four powers would not intervene in AGCC negotiations, we can of course assume that GDR dels would hew strictly to Soviet line; under such circumstances and assuming Germans could agree, only a provisional government suitable to Soviet purposes could emerge. This provisional government would then submit proposals to four powers, which could only be approved or disapproved by joint (i.e. unanimous) decisions. The provisional government itself could ostensibly remain in being unless it were dissolved by joint decision of four powers. Thus, if a provisional government suitable to Soviet purposes should emerge, Kremlin could under this formula keep government in being while employing other tactics to dislodge and isolate Allies from provisional government and German people. We think full appreciation these hazards, plus loss of momentum in West which could be caused by prolonged (even if fruitless) negotiations in AGCC, forms basis Schumacher–SPD position that, preliminary to any all-German talks, four powers must arrange conditions under which free elections to NCA can be held (Bonn's 497, February 1, sent Frankfort 581).

3. Allied-FedRep position has been that certain enumerated conditions should be accepted, either in fact or principle, as necessary

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[3] Neither printed; they reported West German reactions to the Volkskammer resolution and outlined the tentative plans for responding to it. (762.00/2–151 and 762A.5/2–151)

prerequisites to talks pointing toward all-German elections and unity. Soviet/GDR meets this position only half way: None of previously specified Allied-FedRep conditions are accepted, but GDR states that its delegation will be authorized to "negotiate", "discuss", or "deal with" these conditions in all-German talks with AGCC. Refusal to date of Soviets or GDR to accept Allied-FedRep conditions undoubtedly accounts in large part for Schumacher-SPD position that four powers, rather than Germans, must reach agreement on these conditions and provide framework within which free elections can be held and all-German talks proceed with some hope success.

4. Volkskammer resolution purports to meet all three basic conditions interposed by Chancellor in January 15 statement on Grotewohl letter (Bonn's 459, January 13, sent Frankfort 518[4]), i.e., guarantees in Soviet Zone of civil and personal liberties commensurate with state founded on law (*Rechtstaat*), guarantees of political freedom, and objections to "law for protection peace" and Volkspolizei Bereitschaften. On latter points, GDR states willingness to discuss extension applicability peace law to FedRep and to negotiate parity between Volkspolizei and FedRep police–para-military formations or, if necessary to unity, to reduce Volkspolizei on mutually agreed parity basis. Since intent Chancellor's statement was to suggest abrogation of law (as example employment "legal" machinery to suppress civil and political freedoms), GDR meets these conditions only obliquely (attitude re Bereitschaften, though it can be interpreted as conciliatory, does not meet May 7 FM condition of "prohibition throughout Germany of political secret police and police formations constituting military force."

5. Volkskammer resolution does not directly respond to four conditions which Adenauer quoted from Bundestag resolution of March 22, i.e., freedom of action of political parties and guarantees of noninterference political activities by four powers; guarantees by four powers against reprisals following elections; freedom of press; and freedom of movement, together with abolition interzonal passes. Nevertheless, liberal interpretation of preamble and points 1 and 8 of resolution might be stretched to signify GDR willingness to discuss and negotiate on all conditions interposed by Chancellor as requisite to German unity.

6. With specific reference to May 7 conditions of FM and letters of HICOGS to Chuikov, Volkskammer resolution silent on (*a*) international control of free elections, (*b*) role of four powers, (*c*) independence of judiciary, (*d*) prohibition secret police and military formations, (*e*) quadripartite agreement on cessation reparations from current production and PLI and (*f*) surrender and disposal industrial enterprises acquired after May 8, 1945 by foreign powers unless confirmed by quadripartite approval and subjected to German law.

7. Volkskammer resolution, additionally, advances all of Praha declaration[5] proposals and thus interjects Soviet/GDR conditions that (*a*) principle of German demilitarization be reaffirmed and enforced,

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[4] *Ante*, p. 1747.

[5] For the text of the Praha Declaration of the Foreign Ministers of the Soviet Union, Czechoslovakia, Poland, Hungary, Bulgaria, Romania, the "German Democratic Republic", and the Albanian Minister at Moscow, October 21, 1950, see *Documents on German Unity*, vol. I, pp. 158–161 or Ruhm von Oppen, *Documents on Germany*, pp. 522–527.

(*b*) armament industries be prohibited, and (*c*) German industrial potential be made available to Far East and to USSR and its European orbit.

On balance, we think it dangerous and illusory to attribute sincere conciliatory spirit to Volkskammer resolution or to interpret it as making real concessions to Western position. Although it can be interpreted as representing position more liberal than Praha declaration, it sacrifices none of principles of Praha and binds GDR only to talk and to talk only in forum established on parity basis as between GDR and FedRep.

McCloy

662A.62B/2–451 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY FRANKFURT, February 4, 1951—6 p. m.

6448. PEPCO. Supplementing preceding numbered telegram,[2] believe these are governing points in assessing impact and purposes of Grotewohl initiative and bearing thereof on Soviet intentions:

1. Grotewohl initiative should not be regarded solely as propaganda move and is not so considered by wide segment West German opinion. Though propaganda values are extensive in view fact that occupation reaching point of sharply diminishing returns, Volkskammer resolution follow-up and its conciliatory, non-polemic tone denotes initiative as genuine diplomatic move. It could not be dismissed and must be answered on merits if German people are to be convinced of unwisdom of all-German talks. Chancellor's initial riposte (Frankfort's 5922, January 18[3]) did not accomplish this purpose and thus left initiative with GDR, which Volkskammer resolution carries forward in singularly adroit document designed to exploit neutralist sentiment and restiveness of Germans to take things in their own hands.

2. FedRep should not, because of impact on German people, make completely negative reply. Since one purpose of Volkskammer follow-up is to appeal to people and to isolate Chancellor and coalition government, slamming of door would play into Soviet/GDR hands.

3. Allies, on other hand, could not permit all-German talks of scope proposed for variety reasons, most obvious, of which are that such talks would permit Germans (rather than four powers) to negotiate a complex of subjects affecting European and German future, and would delay and possibly disrupt completely present Allied-FedRep negotiations on contractual relationship[4] and rearmament.

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[1] Repeated to London, Paris, Moscow, Rome, and Brussels.

[2] Telegram 6447, *supra*.

[3] *Ante*, p. 1749.

[4] For documentation on the negotiations for a contractual relationship with the Federal Republic, see pp. 1446 ff.

Preceding tel has also noted how acceptance of present Soviet/GDR terms would in effect hand control of Germany's future to Soviets. Soviets framed their strategy to accomplish these objectives. Our difficulty is that to deny these objectives we must stand on policy of no all-German talks. For purposes prestige, however, neither FedRep nor Allies can admit this.

4. Seems obvious enough, therefore, that Allies cannot continue treat Grotewohl initiative solely as German affair: it is mixed Allied-German affair and should be so treated.

5. We are fortunate in having virtually unanimous government and Bundestag disinclination to talk with GDR and in having rapport between Adenauer and Schumacher on subject. This is remarkable circumstance in that unanimity in Bonn by no means reflected in constituencies or press. It should permit us to form common front with Bonn in effort place matter in proper perspective and influence German opinion away from GDR blandishments.

6. Grotewohl initiative integral part of strategy pursued since "legitimation" GDR in October to neutralize Germany under demilitarization pact, disrupt unity of Allies, impede NATO defense plans, isolate Allied position in West Germany by fostering neutralist, defeatist and nationalistic sentiments among German people, and shift onus of any forthcoming armaments race to West. Praha declaration, Soviet bid for CFM and Soviet "peace offensive"[5] are additional components of this strategy. Tactics employed have been skillful in alternating club and carrot, of which Grotewohl address of January 30 to Volkskammer (Berlin's 999, February 1, sent Frankfort 1127[6]) and subsequent Volkskammer resolution (Berlin's 995, January 31, sent Frankfort 1120[6]) good example: thus Grotewohl said "civil war and new world war" would be end result if all-German talks not undertaken, while Volkskammer rubber-stamped document was framed to impress West Germans with spirit reasonableness and willingness to make concessions to FedRep position.

7. Grotewohl initiative seems clearly to constitute pre-CFM move to strengthen Soviet politico-psychological posture in West Germany and to probe our position and German opinion. It may thus furnish preview of Soviet tactics and reveal perspectives of extent Soviets may be willing to go to obtain demilitarized Germany within CFM, or, if CFM not held, by future overtures to Allies. Though Volkskammer resolution itself does not justify conclusion that Soviets will relinquish East Germany, disband Bereitschaften, or submit to free elections in order obtain demilitarized Germany, it may furnish clue that Soviet tactics in CFM will be to offer such concessions with expectation and knowledge that they will be refused by West if *quid pro quo* is demilitarization of Germany. In view fact that Praha declaration not popularly received in West Germany, somewhat more liberal position advanced in Volkskammer resolution marks disposition on part Soviets to make concessions to West German opinion in effort attain strategic aim of demilitarized West Germany. Hence, our own CFM strategy should be framed with full appreciation of flexibility of Soviet tactics in this field.

8. To date, Grotewohl initiative only hints at Soviet time-table and does not show Soviet hand on possible intentions to precipitate gen-

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[5] For documentation on the Soviet peace offensive, see volume IV.

[6] Not printed, but see editorial note, p. 1751.

eral war. Threats of civil or world war form part of psychological intimidation campaign and would probably be less vocal if West were stronger. In any event, they fit into standard Communist outbursts against any threat of encirclement. Most significant conclusion to be drawn is that Soviets have not yet exhausted their efforts to win control of Germany through political-propaganda cold war tactics and negotiation, and that present tactics of pressure, intimidation and negotiation will probably run their course before force is employed.

9. With regard to Soviet intentions and CFM strategy, big and unanswered question emerging from Grotewohl initiative is whether concessions to Western position in Volkskammer resolution are tactical only, whether they represent disposition to agree to West's conditions, and whether, if so, they represent price Soviets would be willing pay to obtain demilitarized Germany. Since resolution pledges GDR only to discuss Western conditions, and in view tactical advantages to Soviets of spinning-out any all-German talks at this time, resolution offers very little, if any encouragement that Soviets or GDR ready do more at this time than offer concessions in bad faith and in contexts where they can safely assume we must refuse to accept concessions offered.

With regard to FedRep-Allied riposte to Grotewohl initiative, (Bonn's 502, February 2, sent Frankfort 588 [7]) outlines FedRep course of action with which British, French, and ourselves are in general agreement. It has also been tentatively agreed on PolAd's level, subject to governmental approval, that it would be desirable for HICOM to follow-up Bundestag resolution with tripartite statement which would endorse FedRep position and carry initiative forward to Soviets in some fashion. Will advise further as our thoughts crystallize.[8]

McCloy

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[7] Not printed; it reported that Wehner and Thedieck believed that the West German response to the Volkskammer resolution "should be so phrased and handled that GDR, Volkskammer, Grotewohl, SED and Soviets would not be in position to address any more unification proposals to FedRep organs or officials without associating themselves with Bundestag resolution." (762A.5/2-251)

[8] In telegram 6512 on February 6, McCloy reported that Liaison Bonn did not believe it would be advisable for the United States "to adopt a policy of urging Federal Government or Bundestag officials to consider conditional acceptance of talks", since the "Soviets masterminding GDR delegation behind the scenes can be counted on to find a way to prolong such talks for weeks in order to stall Fed Rep rearmament." (662A.62B/2-651)

662A.62B/2-451: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET WASHINGTON, February 12, 1951—7 p. m.

5543. PEPCO Dept in gen agreement analysis Volkskammer res contained urtel 6447 Feb 4 (rptd info London unnumbered, Paris unnumbered, Moscow unnumbered, Rome unnumbered, Brussels unnumbered[2]) in particular conclusion that res cannot be regarded as genuinely conciliatory or as representing basically more liberal position than that of Praha declaration. Also concur in your evaluation purpose and effect Grotewohl initiative and its bearing on Sov intentions (urtel 6448, Feb 4, rptd info London unnumbered, Paris unnumbered, Moscow unnumbered, Rome unnumbered, Brussels unnumbered[3]).

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[1] This telegram, drafted by Cox, was repeated to Berlin and Bonn.

With reference manner in which Bundestag reply to be handled, Dept inclined favor Schumacher formula in preference to Lemmer suggestion which on balance appears involve more risks than advantages (Berlin's tel 1011, Feb 3, sent Frankfort 1142, rptd info Bonn 247, London unnumbered, Paris unnumbered, Moscow unnumbered and Bonn's tel 515, Feb 6, sent Frankfort 604, rptd info Berlin 181, pouched London, Paris, Moscow unnumbered[4]). However, in this connection agree with Bonn Liaison (urtel 6512, Feb 6, rptd info London unnumbered, Paris unnumbered, Moscow unnumbered[5]) that decision re all-Ger talks is essentially one which must be made by West Gers and believe we shld refrain from interfering for present. On other hand, shld future devels cause Fed Rep to waiver on issue, believe we shld seek discourage even limited acceptance Grotewohl talks.

On subj of HICOM follow-up Bundestag res, Dept will reserve its comments pending receipt your further views as situation develops.

ACHESON

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[2] *Ante*, p. 1752.

[3] *Supra.*

[4] Neither printed; in the former, Berlin reported Lemmer's belief that the Grotewohl drive could be throttled only by a "put up or shut up offer" based on previous Bundestag proposals; while the latter reported that the majority of Bonn political leaders felt that "any reply which would contemplate talks would be most dangerous," and supported Schumacher's position that the four powers should establish the prerequisites for free elections. (762.00/2-151 and 762A.00/2-651)

[5] Not printed, but see footnote 8, *supra*.

662A.62B/2-1551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET NIACT FRANKFURT, February 15, 1951—3 p. m.

6749. PEPCO. Mytels 6447 and 6448 February 4, Deptel 5543 February 12, repeated Bonn 63, Berlin 262.[2] Though we have not seen advance text of Bundestag response to Volkskammer resolution, and may not for few days, reasonably certain its main lines will be (*a*) repetition Federal Republic conditions for free all-German elections (which correspond to ours), (*b*) demand that free elections form condition precedent to all-German talks, and (*c*) request that four powers, in forthcoming CFM or otherwise, create conditions under which Germany may be unified through free elections. Latter point will no doubt include language paralleling language used in Bundestag resolution of March 22 and of September 14 that it is "responsibility" of four powers to create conditions under which Germans, in freely-elected National Constituent Assembly, can draft all German constitution as first step toward national unity. Department will recall that HICOMs carried forward this concept in May 25 letters to Chuikov.

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[1] Repeated to Bonn, Berlin, London, Paris, and Moscow.

[2] *Supra.*

Blankenhorn informed Reber last evening that Bundestag plans response next week. We feel, and British and French tentatively concur, that HICOM or individual HICOMs should this time follow-through with prompt support of main thesis of Bundestag response. We think such follow up statement should accomplish these things at minimum:

1. Take pressure off Federal Republic and Bundestag and refute Soviet GDR line that German unification falls within competence Germans rather than CFM. (This important for reason that we do not wish Germans discuss matters of such scope under Grotewohl formula whereas available indicia point to conclusion that Soviets wish German stooges undertake such talks prior to CFM).

2. By recalling unanswered letters to Chuikov and forwarding High Commissioner statement to him, establish point that Grotewohl initiative no answer to long standing Allied policy that four powers must agree to conditions of German unity. (Language used in proposed statement below does not renew offer of High Commission–SCC negotiations for electoral law but merely reiterates broad principle, restated in Bundestag resolution, that responsibility lies with four powers. Since Chuikov letters outstanding and offers therein could be accepted by Soviets at any time seems impossible avoid running risk of Soviet acceptance of free-elections formula in exchange for demilitarization *quid pro quo*.) (Mytel 6722, February 14[3]) Think, nevertheless, we must run this risk, which we also face in CFM, and that we must begin process disassociating German mind from lure of taking German negotiations into German hands while pressing our position in manner intended to probe Soviet intentions.

3. Discredit Grotewohl initiative in non-polemic manner and hence extricate ourselves from present defensive position. (This is done in proposed statement by implication that GDR offers call for West Germans to negotiate, in substance and in fact, with USSR through

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[3] Not printed; it reported, *inter alia*, the possibility that, if the Western occupation powers started the "unity or free election balls rolling", they would "be playing into Soviet hands by opening way for acceptance and counterproposal of demilitarized-neutralized Germany, plus all-German talks before CFM." For this reason it was determined that it was not in the U.S. interest "to permit all-German talks before CFM or to permit West Germans to submit offer to GDR which might conceivably be accepted and lead to such talks." (762A.00/2–1451)

East German Communists who could not act in all-German interest. This point has been played up considerably in German press and will carry conviction with Germans.)

4. Anticipate and emphasize our general CFM approach and commence elucidation politico-psychological line that German problem cannot be solved merely in German context but must be approached in European context and in light existing sources of tension between East and West.

5. Reassure Germans, at same time, that their points of view will be fully consulted in four power talks. (Department will recall Chancellor's stress on this point in his recent Bonn University address and his letter on same subject to High Commissioner [4]).

Should like have Reber present statement which has been approved in draft by Byroade [5], on informal basis as US proposal in political committee tomorrow. It would, of course, expedite final agreement if Department's approval or comments were available. Possibly message could be phoned here late today or direct to Reber in Petersburg tomorrow before 1 p. m. CET. Text of proposed statement follows:

(*Verbatim text*): "The High Commission acknowledges Bundestag's resolution of February—, which calls on four powers to reach an agreement under which whole of German people may participate in the formation of a representative all-German Government, and in unification of Germany, through free elections. Resolution has been forwarded by High Commissioners to their respective governments. It is also being transmitted to General Chuikov, chairman SCC, with a reference to the High Commissioners', still unanswered letters sent him May 25 and October 9, 1950. In those letters, the Allied High Commissioners, in support of previous Bundestag resolutions, proposed that representatives of the four powers undertake to agree on those conditions which could make possible the emergence of a representative and free all-German Government.

The AHC is in accord with the Bundestag's views that no compromise can be made in the principle that free all-German elections must precede any all-German debates on a national constitution. The basic obstacle to all-German talks of type suggested by Soviet zone authorities is that freely-elected representatives of Federal Republic would be required to negotiate with persons who are not freely-elected representatives of people of Soviet zone and who are not free agents to negotiate in German interest. Free world and captive peoples of Eastern Europe can hold few illusions as to outcome of talks undertaken against such odds. Only when it is possible for freely-elected representatives from the whole of Germany to meet together, will it be possible for a national constitution acceptable to majority of German people to be drafted.

The AHC also agrees that it is responsibility and duty of four powers to reach agreement on basis for effecting unification of Germany. It is to the real interests of German people and their national future that this be done in manner which will leave neither Germany nor free Europe fearful of aggression from others. In view existing world tensions, four powers cannot discharge these responsibilities by delegating them to German people alone, although it is fundamental that aspirations and viewpoints of German people must be fully consulted in any talks between the four powers which affect Germany. Four powers must, therefore, not only come to terms on basic conditions and safeguards which will permit German people to reassume control of their future, but they must simultaneously address themselves to alleviation of other important sources of tension which have and continue to obstruct German unity. Unless these problems are recognized as being interrelated European problems and are treated accordingly, Germany's place as equal member in free European community would be jeopardized.

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[4] For a summary with extracts of Adenauer's speech at Bonn University on February 10, see *Documents on German Unity*, vol. I, p. 177. A copy of Adenauer's letter to the Allied High Commission, dated February 8, was transmitted in telegram 523 from Bonn, February 8, not printed (396.1/2–851).

[5] Byroade was in Frankfurt for the meeting of U.S. Ambassadors in Western Europe; for documentation on this meeting, see volume IV.

The Allied High Commissioners, on behalf their governments, assure German people that they aspire and will continue strive to return them, unified and free, to their rightful role as equal members of that community of democratic and peace-loving nations." [6]

McCloy

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[6] At the political committee meeting of the Allied High Commission on February 16 the British and French indicated that they "felt strongly that Bundestag resolution should not be made occasion for formal HICOM declaration of tripartite policy with respect to whole question of German unification and its relation to other problems facing prospective CFM", since it "would give impression that action of latter was taken only as consequence of Allied policy." McCloy reported this in telegram 6834 from Frankfurt, February 17, not printed (662A.62B/2–1751).

662A.62B/2–1551 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET NIACT WASHINGTON, February 17, 1951—2 p. m.

5670. 1. Dept fully concurs your view that HICOM shld promptly support upcoming Bundestag resolution (Fkft's 6749 Feb 15, rptd Bonn 229, Berlin 461, London 562, Paris 620, Moscow unnumbered [2]).

2. Likewise agree with your aims 1, 2, 3 and 5.

3. In light of difficulties experienced in finding common tripartite approach in notes to Sov re Four Power mtg.[3] and development our thinking re handling Western case, Dept considers better not to try to relate this problem to broad context as proposed your point 4. Language used in penultimate para your statement fails to accomplish purpose, in any event, because of vagueness and wld confuse rather than broaden issue.

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[1] This telegram, drafted by Laukhuff and cleared by Lewis, Matthews, and Bonbright, was repeated to Bonn, Paris, London, and Moscow.

[2] *Supra.*

[3] For documentation on the exchange of notes with the Soviet Union regarding a Four-Power meeting, see pp. 1048 ff.

4. Dept sees no reason to play into Sov demand for CFM by implying problem of unification shld be reserved for some indefinite future mtg. Believe our purposes better served and initiative better regained by appearing to renew demand for talks with SCC.

5. Such talks cld not possibly lead to "all-German talks" before Four Power mtg, as at least six mos wld have to precede natl election even if agreed to.

6. Feel your text is overly general and creates impression that our goodwill evaporates into propaganda. Dept feels shorter text coming right back with renewal of former proposals and taking Fed Rep Govt off hook is preferable.

7. Believe greater impression sincerity and active effort wld be created by changing statement into ltr to Chuikov and releasing it to press shortly after delivery. Dept therefore requests you to propose to Fr and Brit despatch of following ltr upon receipt Bundestag resolution:

> "Allied High Commission has received from Bundestag of Ger Fed Rep a resolution of Feb ——— which calls on four Powers to reach agreement under which whole of Ger people may participate through free elections in formation of a representative all-Ger govt as a prerequisite for unification of Ger. The resolution has been forwarded by High Commissioners to their respective govts. In likewise transmitting resolution to you, I shld like to draw your attention to ltrs sent to you by High Commissioners on May 25 and Oct 9, 1950, which remain unanswered. In those ltrs Allied High Commissioners, in support of previous Bundestag resolutions, proposed that reps of four powers arrange for the formation of a national Ger govt in accordance with conditions outlined by FonMins of US, UK and Fr at their mtg in London in May 1950.
>
> It is responsibility and duty of four powers to arrange for unification of Ger in response to desires of Ger people and in full consultation with the freely elected reps of those people. Until natl elections have been held under conditions of full freedom, planning and consultation can obviously not go forward on an All-Ger level since the Sov Zone has no reps free to reflect Ger interests and will of Ger people.
>
> High Commission agrees with Bundestag that in interests of secure and lasting plan for uniting country, no compromise can be made of principle that free elections must be first step in order to provide a body which can debate a constitution. Unless Soviet Control Commission, which retains supreme authority in Sov Zone will agree to demand for a democratic natl order in Ger, it is obvious that none of their Ger spokesmen can or will agree. In order that these legitimate Ger aspirations might be realized and the tensions arising from the continuing division of Ger might be relieved, the FonMins drew up the London principles for Ger unity. If, therefore, you will accept these simple fundamental conditions for Ger unification, both polit and econ, way will be open for an arrangement leading to elections."

8. If such a ltr can be agreed and sent, its release to press shld be accompanied by release again of text of "statement on Ger unity" agreed at London, May 1950.

9. You can, of course, make minor modifications in above text. However, in view of importance of such ltr in our general strategy, you shld refer agreed HICOM text to Dept for final approval.[4]

ACHESON

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[4] The text of this letter was discussed by the political advisers to the High Commissioners on February 21. The British and French agreed that the Bundestag resolution should be transmitted to Chuikov under cover of a High Commission letter agreeing with the Bundestag principles and agreed that the letter should set forth the principle of Allied responsibility for elections and German unity, but both were hesitant to repeat the offer for elections on the same terms as before just prior to a meeting of the Council of Foreign Ministers. McCloy reported this in telegram 556 from Bonn, February 21, not printed (662A.62B/2-2151).

762.00/2-2751

The Ambassador in France (Bruce) to the Secretary of State[1]

SECRET PARIS, February 27, 1951.

No. 2438

Ref: Bonn's telegram 556 to Dept of February 21, 1951 Deptel to Frankfurt 5670 of February 17, 1951[2]

Subject: French Foreign Ministry position re HICOM endorsement of Bundestag response to Volkskammer resolution

The Foreign Ministry has sent instructions several days ago to its representatives in Bonn to oppose any reiteration of, or even reference to, the previous HICOM letters to General Chuikov, in connection with transmittal of the expected Bundestag reply to the Volkskammer resolution on German unity. In a discussion of the Ministry's reasoning, Sauvagnargues, the chief of its Division of Central European Affairs, made the following observations:

The most embarrassing thing that could happen to us immediately prior to the anticipated CFM would be Soviet acceptance of the proposals last made to Chuikov on October 9, 1950. It is true, Sauvagnargues said, that (as incidentally pointed out in Frankfurt's telegram 6749 to the Department, February 15[3]) the Soviets could in any event, at any time, accept the outstanding proposals for free elections, but the Ministry sees no reason for an already bad situation to be made worse and considers, moreover, that German public opinion in connection with the Volkskammer resolution is of less importance to us than German public opinion in connection with the anticipated CFM.

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[1] Copies of this despatch, drafted by Herz, were sent to Frankfurt and London.

[2] Telegram 556, not printed, but see footnote 4, *supra*.

[3] *Ante*, p. 1758.

Furthermore, in view of our agreed tripartite position that the problems of Germany cannot be solved in isolation, it would be unsatisfactory either to bring that view out explicitly (which would detract from the propaganda value of our letter of transmittal) or to pass it over in silence (which would impair our substantive position), and it is therefore felt by the Ministry that the less said about the anticipated Bundestag resolution the better.

If the Soviets were to accept free elections at this time on the basis of the London "statement on German unity" of May 1950, our position would have to be that conditions have changed since that time in two respects, Sauvagnargues said. The first change is involved in promulgation by the GDR of the Law for the Protection of Peace, and the second concerns the sanctioning of the Oder-Neisse boundary by the GDR.

The Ministry considers that a very brief acknowledgment of the Bundestag resolution might be in order, but that if any letter of transmittal is drafted it should merely indicate that the three western powers "take note of the resolution and will defend the Bundestag's position at the forthcoming four-power conference." (It should be noted that in all recent dealings at the Foreign Ministry, as previously reported in the Embassy's despatch 2052 of January 27,[4] the holding of a CFM is entirely taken for granted.) Furthermore, Sauvagnargues said, the Federal Government might well be informed, pursuant to the Ministry's thoughts expressed in Embtel 4371 of January 25,[4] that the question of German unification in the light of the most recent exchanges on the subject could be made part of any exploratory conversations between the High Commission and the Federal Government prior to the CFM.

If the French Government desired to "sabotage" the agreed western position with respect to a German contribution to European defense, Sauvagnargues said, it would probably have encouraged the US in its proposal for reiteration of the HICOM position on German unity. In such a case, he said, there might be a further drift toward the kind of situation in which rejection of a possible Soviet acceptance of free elections would become even more difficult than it is at present. In such an event, Sauvagnargues said—i.e., in the event that the French Government were favoring an "Austrian-type" solution to the question of German unity, which it does not—the principal point would nevertheless not be the freedom of the elections preceding unification but the Allied control mechanism for a reunited Germany; for the Austrian pattern would only exist if the Soviets also agreed, at the same time, to a system of straight majority voting in an Allied Commission.

David Bruce

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[4] Not printed.

396.1/3–951

The Chancellor of the Federal Republic (Adenauer) to the Chairman of the Allied High Commission for Germany (François-Poncet) [1]

BONN, March 9, 1951.

In your letter of February 22, 1951,[2] you notified me that the governments represented in the Allied High Commission, in full appreciation of the German interests in the questions to be taken up at the preliminary and final conferences of the four foreign ministers, are prepared to inform the Federal Government to the fullest extent on the negotiations and to transmit the views of the Federal Government to their governments.

In carrying out this assurance you have informed me that the 3 Western Allied Powers intend to examine at the conference of the 4 Foreign Ministers above all the reasons which have led to the current international tensions. The Federal Government sincerely welcomes this intention, because it is convinced that the basis for a lasting peace in Europe and in the world can be created only by recognizing and removing the real causes of these tensions. It further shares the opinion of the Western Powers that these causes are by no means confined to the German problem. The German problem is rather one of the results of the much more extensive tensions existing between the West and Soviet Russia. At the same time it is one of the reasons for the continuation of these tensions. The settlement of the German question, therefore, is one of the main prerequisites for maintaining peace. This settlement cannot result without concurrence of the German people.

I have the honor of submitting to Your Excellency as follows the opinion of the Federal Government on the German question with the request to transmit it to the governments of the 3 powers represented in the Allied High Commission.

It has been stated clearly and unequivocally in the declarations of the Federal Government of 22 March and 14 September 1950, that the way to German unity can be found through a free and uninfluenced decision by the German people. Therefore, it was demanded that free, general, uniform, secret and direct elections be held throughout Germany for a constituent German parliament, to which simultaneously should be transferred—until the coming into force of free constitution—the responsibility of regulating the exercise of all-German governmental powers.

To the satisfaction of the German people, the Allied High Commission, in the name of their governments, have identified themselves with this demand and forwarded it with its endorsement to the chief of the Soviet-control commission for Germany on October 9, 1950. The

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[1] The source text was transmitted in telegram 605 from Bonn, March 9.

[2] Not printed.

Federal Government remains of the opinion that the restoration of German unity can result only on the basis of genuinely free all-German elections. For this reason it reiterates with utmost resoluteness its demand that such elections be held as soon as possible. The prerequisite for the holding of genuinely free elections, however, is that the indispensable freedoms are guaranteed in the Soviet Zone, just as in the Federal Republic before, during and after the elections. For years civil liberties have been suppressed in the Soviet Zone and only most recently its population has been placed under especially sharp political pressure through the so-called law for the protection of peace. This measure, not to mention the abolition of all guarantees of a constitutional order which is recognized in all democratic countries as the basis of civil liberties—especially the truly independent administration of justice and an orderly legal procedure—has created an atmosphere of insecurity and of fear in the Soviet Zone in which it would be impossible to carry out free elections. This insecurity and fear will not disappear overnight. Therefore, it is not sufficient if only declarations and assurances are made in connection with the prerequisites for the holding of free elections. Rather it is necessary that the political and psychological prerequisites for the holding of free elections throughout Germany are created without delay so that they can become effective within a reasonable period of time. Thus, civil liberties which are characteristic of a democratic state must be guaranteed for a reasonable period of time and in harmony with the FedReps constitution and its implementation before a free election can take place there.

The Federal Government does not believe that the causes of all existing tension can be removed through the realization of the measures propounded above which concern Germany alone. It is convinced, however, that these proposals represent the minimum which it itself can contribute as its share in the common responsibility toward the securing of peace.[3]

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[3] The text of this message was approved at a special session of the Bundestag on March 9. During the same session the Bundestag approved a resolution supporting the Chancellor's letter which called on the Four-Power Conference to establish conditions for all-German elections to a Parliament which alone would have the plenary powers of a constituent and law-giving assembly and would be "effectively protected against unauthorized and illegal interference." Bonn reported on the Bundestag session in telegram 606, March 9, and transmitted the text of the Bundestag resolution in telegram 604, March 10 (762A.00/3-951 and 396.1/3-1051). The text of the resolution is also printed in *Documents on German Unity*, vol. I, pp. 141–142 and in Folliot, *Documents on International Affairs, 1951*, pp. 273–275.

Editorial Note

On March 14, in a statement to the People's Chamber of the "German Democratic Republic", Grotewohl rejected the conditions for elections which had been proposed by the Federal Republic. For the text of his statement, see Grotewohl, *Im Kampf um DDR*, pages 335–356; extracts are also printed in *Documents on German Unity*, volume I, pages 186–191.

762.00/4–1851 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, April 18, 1951—11 p. m.

8454. PEPCO. Remilitarization plebiscite ball kicked off by Ulbricht and Grotewohl ("remilitarization means war") over weekend picked up by Commie press here April 16 in front exhortation for all Gers "form at once in all *Laender*, *Kreise*, in cities and villages, factories, universities and admins, comites for plebiscite". Punch lines are "our fatherland again threatened with war", "against will peace loving people, Ger mil units being organized and armaments production being started again", and "remilitarization means war but demilitarization means peace and happy future." Plebiscite question is, as originally posed Essen Congress Jan 28, "are you against remilitarization Ger and for conclusion peace treaty with Ger in 1951?" Peace treaty theme developed in promise treaty means withdrawal all occ troops.

Seems clear that Sovs/GDR have now launched long awaited plebiscite campaign, that crescendoing timetable tentatively fixed, and that, as Berlin points out (Berlin's 1290, sent Frankfort 1455 rptd Paris unn[2]), strong probability is simultaneous East and West Ger plebiscite, possible early as May 15. We obviously confronted with major propaganda campaign, features of which will, as with earlier Grotewohl initiative, be combination intimidation and sweet reasonableness. Suspect Sov mil maneuvers, now commencing along interzonal border, will be utilized exploit West Ger fears psychologically appropriate intervals. However, non Commie press to date giving minimal attention to Commie anti-remilitarization campaign and to plebiscite itself.

Problem combatting plebiscite poses dilemma and imponderable of susceptibility of West Gers. We see difficulties in mtg plebiscite head on in that we not in position now make public definitive program for Ger defense contribution and thus confront Gers with what, under proper circumstances and perhaps somewhat later on wld no doubt be more acceptable alternative. On other hand, consistent campaign of exposure, ridicule, etc runs risk of magnifying importance plebiscite, which may not as was case "Stockholm appeal",[3] make any appreciable headway. It might also encourage SPD demand for new elections before deciding Ger defense issue. Nevertheless, we fear doing nothing, lest campaign catch on, improve Sov bargaining position Paris and

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[1] Repeated Berlin, Bonn, Paris for Jessup, London, and Moscow.

[2] Not printed.

[3] For documentation on the World Peace Congress at Stockholm in May 1950, see *Foreign Relations*, 1950, vol. IV, pp. 261 ff.

CFM, and leave impression with Gers we are impotent re issue which they associate with Allied policy. Our present plan is discuss subj with Gers, explore possibility tripartite HICOM statement exposing plebiscite, encourage Ger press give plebiscite silent treatment and plan full scale exposure campaign to be launched if considered necessary basis general Ger reponse to Commie efforts.

Will advise further and meanwhile wld appreciate your views. Considered unilaterally, but rejected, possibility suspending Commie papers printing exhortation to plebiscite on ground security interests not violated. As Dept aware, we have previously decided to recommend banning plebiscite itself only as last resort.

McCloy

762.00/4-2551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET FRANKFURT, April 25, 1951.

Unnumbered. PEPCO. Believe Dept will agree with consensus here that HICOG and HICOM should take no official position vis-á-vis proposed Communist plebiscite on "remilitarization" and peace treaty issue (mytel 8454, April 18, rptd Paris 830 [2]) as long as Fed Rep has opened exposure campaign and coalition and SPD appear determined to initiate nation-wide program to discredit and/or ban it (Bonn's 756 April 20, sent Frankfurt 919; Bonn's 759 Apr 20, sent Frankfurt 922, rptd Paris unn; and Bonn's 772, Apr 24, sent Frankfurt 938, pouched Paris [3]).

Encouraging that this initiative came from Gers themselves and without prodding on our part. Kaiser Min denunciation and communiqué of Apr 18 issued with consultation with us and contained number points made in proposed draft HICOM statement which we have now abandoned. Although Wehner acquainted us with SPD plan to ban plebiscite and solicited our intervention with Kaiser Min on behalf SPD, we adopted neutral position that, while we had no particular objection to Gers banning plebiscite, issue was considered Ger affair. Matter discussed at last PolCom, where viewpoint was that, under circumstances and pending developments there shld be no tripartite statement.

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[1] Repeated to Bonn, Paris for Jessup, London, Berlin, and Moscow.

[2] *Supra.*

[3] None printed; telegram 756 reported Wehner's belief that the Federal Government should take strong measures against the proposed plebiscite, declaring it illegal and unconstitutional; telegrams 759 and 772 reported further reaction to the plebiscite by the Federal Government and noted the increasing concern by the coalition and opposition party leaders. (762.00/4-2051 and 762A.00/4-2451)

Believe we shld interpose no obj Fed Rep's banning plebiscite, if that decision made, or to its instituting through *Laender* Interior Mins such measures as are deemed necessary to control plebiscite and punish proponents thereof. SPD, with apparently increasing support of coalition parties, believe that plebiscite is unconstitutional under Art 9 and Art 20 of Basic Law because it is (*a*) instigated and financed by foreign power (GDR), (*b*) not conducted under auspices Fed Rep and (*c*) strategem to subvert and challenge authority of constitutional institutions of Fed Rep. Banning plebiscite wld tend to commit West Gers additionally vis-à-vis GDR and Communism. Further, Fed Rep might gain prestige by such act as many Gers will interpret it as act of strength and positive step toward elimination Commie propaganda which increasing irritant to Ger nerves and patience. Also, SPD leadership in campaign to ban wld subtly commit SPD somewhat further on rearmament issue. Disadvantages (that harassing or banning plebiscite might magnify its importance or that Gers might proceed against Commies in undemocratic fashion) not deemed overriding or necessarily valid.

McCloy

762.00/4–2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, April 26, 1951—2 p. m.

8679. PEPCO Drew Middleton article *New York Times* international edition Apr 22, which advances these that Sovs abandoning Ger unity and shifting policy toward Bereitschaften, gives analysis Sov policy and intentions which does not correspond with our info and opinion.

1. Info and emphasis used by Middleton known to have come from Brit sources in Berlin.

2. On balance, we think basic Sov strategy vis-à-vis West Ger remains same as heretofore; that Sov tactics on unity issue have altered somewhat because of inability and unwillingness to accept Fed Rep requirement of free elections as conditions to all-Ger talks of type proposed in Grotewohl initiative (Frankfort's 6447 and 6448 Feb 4 pouched Paris and London[2]); and that, altho Praha declaration and Sov proposal for CFM seem originally to have been directed at precluding West Ger rearmament, Sovs may now be more concerned with general European rearmament issue than heretofore because of their assessment of West Ger opposition to rearmament and other

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[1] Repeated to Paris for Jessup and to London, Berlin, Bonn, Rome, Moscow, Brussels, and Vienna.

[2] *Ante*, pp. 1752 and 1755.

factors delaying implementation of Brussels decisions. Fol Fed Rep's blunting of Grotewohl initiative ("Germans at one table"), Sov tactical and propaganda emphasis within Ger has shifted to Ger demilitarization but this does not connote policy abandonment of unity issue since Sov all-Ger demilitarization formula as set forth in Praha declaration and carried forward in Sov propaganda envisages some form of unified and demilitarized Ger.

3. Our reasons for believing Sovs have not basically changed their approaches to Ger unity:

(*a*) Sov strategy has been and remains implementation dual policy of consolidating hold on Sov Zone while pressing all available advantages to isolate West Ger from West through combination subversion, penetration, propaganda and political initiative. This process proceeding full-blast with propaganda in favor all-Ger demilitarization, coupled with proposed remilitarization plebiscite (Frankfort's 8454, Apr 18, rptd Paris 830, pouched London unn [3]), and political initiatives such as proposed CFM, World Peace Congress and Big-Five pact.

(*b*) Sov politico-propaganda initiative in support all-Ger demilitarization is coupled with proposal of all-Ger peace treaty in 1951 and hence integrates unity issue into main current emphasis of Sov strategy and tactics vis-à-vis West Ger. Proposed plebiscite question is "are you against Ger remilitarization and in favor of peace treaty with Ger in 1951?"

(*c*) Facts available do not, in our opinion warrant conclusion that Sovs will not continue to advance unity proposals, especially if these can be framed to win psychological support of Gers and thus to contribute toward isolation of allied position vis-à-vis Fed Rep. Think, as we have reported previously, it highly unlikely that Sov unity formula wld encompass free elections (unless coupled with conditions of known unacceptability to West) or be proposed in good faith, but these considerations do not qualify conclusion that Sovs have not abandoned Ger unity as fundamental component of their strategic and tactical approach to Ger problem.

4. Doubt in [*if*] Sov Zone opinion poll of type described in article cld have been conducted without our knowledge and, if conducted under Sov/GDR aegis, cld have reflected honest low-level acceptance indicated in article.

5. Data on Bereitschaften factually correct but know of no shift in policy. There is some evidence that force is being temporarily kept on ice pending negotiations, but primary influence is normal development of cadres involving: (*a*) Reorganization of Bereitschaften into training cadres, (*b*) Balancing manpower requirements between five-year plan and Bereitschaften, and (*c*) State of training.

McCloy

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[3] *Ante*, p. 1767.

762.00/4-1851 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET WASHINGTON, April 27, 1951—7 p. m.

7265. Re urtel 8454 April 18, rptd Berlin 612, Bonn 370, Paris 830 for Jessup, London, Moscow unnumbered; Bonn's 756, April 20, sent Frankfort 919, rptd Berlin 220; Bonn's 759, April 20, sent Frankfort 922, rptd Berlin 221, Paris unnumbered, London unnumbered; Bonn's 772, April 24, sent Frankfort 938, rptd Berlin 222, pouched London, Paris, Moscow unnumbered.[2]

Dept concurs your evaluation probable Sov/GDR plans for execution plebiscite and recognizes dilemma in determining proper approach to problem of combatting it. With ref nature possible Allied action, agree it wld be inadvisable for Allies to ban plebiscite itself and favor course of action outlined penultimate para urtel 8454. Also concur your decision not suspend Commie papers for printing exhortation to participate plebiscite. However, see no reason harassment of Commie press cld not be accelerated in order reduce its effectiveness in campaign. For reasons stated beginning penultimate para urtel, consider it preferable to have any HICOM statement issued as an endorsement of further statement released by FedRep not simply party proposal. However, will leave decision on this matter your discretion.

Re propaganda aspect, assume you and FedRep aware and prepared to deal with propaganda problems which wld result from banning of plebiscite. Commie propaganda will undoubtedly claim West suppressing free expression latent Ger opposition to remilitarization, that US favors ban because we have already begun remilitarization with aggressive purposes, etc. Policy guidance for information media follows.

Bonn's 756, April 20, being repeated Paris for Jessup, London, Moscow; Bonn's 759, April 20, being repeated Moscow.

ACHESON

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[1] This telegram, drafted by Cox, and cleared with Straus, Lewis, and Bishop, was repeated to Bonn, Berlin, Paris, London, and Moscow.

[2] Telegram 8454, p. 1767; regarding telegrams 756, 759, and 772, see footnote 3, p. 1768.

762A.00/4-2651 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET WASHINGTON, April 28, 1951—2 p. m.

7273. Stone from Kellermann re Bonn 772, Apr 24 [2] and 784, Apr 26,[3] re Fed Gov prohibition of plebiscite on constitutional grounds. Assume here that action likely to result in arrests and detentions and possibly subsequent public trials of sponsors, promoters, and organizers of campaign and of collectors of signatures.

Dept concerned that arrests and trials may be used by defense and interested parties as opportune platform to propagate neutralism and detract and obstruct European defense program. Argument of defense in court, while implicitly exploiting polit issues involved, might be based essentially on technical grounds such as unconstitutionality of gov and police action. Possible acquittals might be interpreted by Commies and others as polit defeat of Fed Gov and vindication of neutralist position and possible sentences denounced as proof of servility Fed Rep to fon "war-mongers".

Feeling here that trials might be turned to psychological advantage, if used by prosecution for following purpose: immediately, to identify and expose real sponsors, agents and victims of plebiscite, including financial resources, machinery, methods and targets; ultimately to exhibit, to Germany and world audiences, background of Sov-sponsored "peace" campaigns and wholly fictitious nature of "spontaneous" demonstrations by indigenous captive or deluded populations in favor of peace. Pertinent evidence might be presented by witnesses from Sov-controlled areas, including polit refugees and defectors, called upon to testify to system of control, agitation and terrorization prevailing in Sov Zone and other satellite areas. Acquittal of defendants might in effect be interpreted palpable proof that accused are not real culprits but were stooges coerced or deceived, by instigators and agents beyond reach of court, to engage in activities true purpose of which they failed to perceive.

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[1] This telegram was drafted by Kellermann and cleared with Byroade, Calhoun, and Phillips.

[2] Not printed.

[3] Not printed; it reported that on April 25 the Federal Cabinet had approved the following decision:

"1. Plebiscite against remilitarization and for conclusion of peace in 1951 being conducted by SED, authority in power in Sov zone, is intended through camouflage of its subversive aims to undermine free democratic basis of Federal Republic. Execution of this action constitutes an attack on constitutional order of federation.

2. Associations engaged in carrying out this action, particularly committees expressly organized for purpose, are directed against constitutional order and therefore under Article 9 para 2 of Basic Law prohibited by force of law.

3. Land govts are in accordance with Article 5 of law concerning cooperation of federation and *Laender* in matters relating to protection of constitution requested to suppress every activity of such associations in connection with plebiscite." (762A.00/4-2651)

Foregoing suggestion contingent, of course, on Ger authorities undertaking entire responsibility for conduct of trials. Any indication that trials are even suggested by occupation powers wld be fatal and invite misleading and damaging comparisons with well-known Sov-Commie mock trials of Mindszenty pattern. Assume you agree with us that very discussion of idea with appropriate Ger representatives wld require utmost diplomacy and caution. Same applies to handling of publicity aspects.

Wld appreciate your earliest reaction.[4] [Kellermann.]

ACHESON

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[4] On May 5 Bonn reported that Ritter von Lex, the State Secretary in the Federal Ministry of the Interior, had indicated the police action against the plebiscite "would be primarily preventive in nature." Lex anticipated "few, if any, court cases concerning individuals and perhaps a few admin court cases concerning action taken against orgs." Since the Federal Government was advancing the arguments suggested in telegram 7273, Bonn found it unnecessary to mention them, and concluded "psychological impact of Fed Govt ban supported by all FedRep *Laender* plus preventive police action appears here sufficient to completely stymie whole SED-KPD plebiscite effort in FedRep." (Telegram 828, May 5, 762A.00/5-551)

762A.00/6-551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, June 5, 1951—8 p. m.

9829. Designees of High Commissioners met Godesberg June 4 as result of policy laid down at HICOM mtg Berlin May 31[2] that any Communist papers which propagandize for "plebiscite" or condemn alleged Allied interference be suspended for 90 days under Law 5.[3]

For reasons surmised to be connected with French elections, French designee claimed French element at HICOM mtg May 31 had not understood that result of action against individual Communist papers was expected to add up to ban of all such papers. Discussion showed French determined to avoid such total result at present time. However, report to HICOM was agreed on along fol lines: No general ban on Communist press as such. No schedule to ban Communist papers drawn up. But HICOM will prosecute energetically violations of AHC Law 5.

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[1] Repeated to Bonn and Berlin.

[2] On May 31 Chancellor Adenauer requested the Allied High Commission to ban all Communist papers in the Federal Republic and Western sectors of Berlin due to their illegal propaganda in support of the rearmament plebiscite. The High Commissioners discussed this request in the executive session following the 64th meeting of the Council and agreed to instruct the *Land* Commissioners to ban any newspaper which advertised the plebiscite or condemned the Allies for interfering. Bonn reported these events in telegram 900, June 1 (762A.00/6-151).

[3] For the text of Allied High Commission Law No. 5, "Press, Radio, Information and Entertainment," dated September 21, 1949, see *Laws, Regulations, Directives and Decisions*, vol. I, pp. 11–14.

Designees considered issue for May 21 of *Freies Volk*, Duesseldorf, and its local editions *Volks echo* for Detmold and *Volkstimme* for Cologne. Designees agreed that articles in this issue violate Law 5 in that they are prejudicial to security and prestige of Allied forces. Was agreed that Brit designee shld take necessary action to suspend these papers and their printing plant for 90 days effective June 5.

Amer designee now considering recent issues Communist newspapers US zone in view HICOM policy and will probably seek to obtain tripartite agreement on further suspensions. Remaining Communist papers US Zone are Bremen, *Tribune Der Demokratie* (printed in Hamburg), Nuremberg, *Nordbayerische Volkszeitung*, and Munich, *Suedbayerische Volkszeitung*, both printed in same plant in Munich. Three Communist papers with [*their own?*] printing plants are left in Brit Zone, and two papers appear in French Zone, one of them printed in a plant at Mannheim, US Zone.

McCloy

700.001/6–1151 : Telegram

The Acting United States High Commissioner for Germany (Hays)[1] *to the Secretary of State*[2]

SECRET PRIORITY FRANKFURT, June 11, 1951—5 p. m.

9990. PEPCO. Re Berlin's 1479 [*1475*] June 9 sent Frankfort 1665, not rptd Paris or London,[3] and Ulbricht letter to Ger Peace Comite supporting World Peace Council proposal to send commission of prominent persons from abroad into both East and West Ger "to investigate what is being done in both parts of Ger for establishing peace-idea or for remilitarization".[4]

1. Agree with Berlin's assumption that maneuver will be executed. Such wld seem logical sequel to now completed remilitarization plebiscite in East Ger and method of keeping remilitarization issue alive in West Ger while seeking establish prestige of World Peace Council. Pose of impartial inspection intended display bona fides of Sovs and GDR and to keep West on defensive re remilitarization charges.

2. If maneuver executed, believe it will be executed quickly. This suggests necessity three powers having defined position available soonest either (*a*) to revive US proposal for inspection made last year,

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[1] McCloy was in the United States for consultations on Germany.

[2] Repeated to Berlin, London, Moscow, and Bonn, and to Paris for Jessup, who was representing the United States at the Four-Power Exploratory talks.

[3] Not printed; it reported that Ulbricht had sent a letter to the German Peace Committee along the lines indicated in this paragraph. (762B.00/6–951)

[4] For additional documentation on the attitude of the United States toward the World Peace Congress, see volume IV.

thus taking initiative,[5] or (*b*) counter in manner designed to expose hollowness of Sov offer. Believe latter most feasible, in view time element and difficulty reaching tripartite position, but think this at least must be done as Sov–World Peace Council inspection offer cld otherwise tend to keep us on defensive.

3. Believe resurrection of reciprocal four power inspection rights raised in connection with three power notes on Sov Zone remilitarization in May, 1950, wld probably be ineffective. Furthermore, if Sov offer emanates through World Peace Congress, which we suspect Kremlin hopes to develop as competitor to UN, think three power counter shld suggest UN, rather than four powers, as executant of impartial investigation.

4. Suggest, therefore, that we institute steps soonest to develop three power position along lines which wld enable us to reply that we wld welcome a truly impartial inspection, possibly with neutral powers taking lead; but that we will not be party to sanctioning any inspection which is not thorough and which does not take into account Sov–GDR capacity to balk serious inspection or to hide real facts during period inspection. At same time three powers shld announce that no commission appointed by World Peace Congress and consisting, as it wld, of discredited Commie stooges, will be permitted inspection rights in West Ger.

If Dept agrees with this general approach, wld appreciate advice in order proceed discuss with Brit and French here.

HAYS

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[5] For documentation on the U.S. note to the Soviet Union, May 23, 1950, regarding the remilitarization of the East Zone of Germany and proposals for inspection of the zones of occupation, see *Foreign Relations*, 1950, vol. IV, pp. 948 ff.

700.001/6–1151 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, June 19, 1951—8 p. m.

8665. Urtel 9990 June 11.[2] Agree advisability developing immediately tripartite position with respect to any attempt by Sovs to implement World Peace Council proposal thru World Peace Congress or otherwise. While leaving open for the moment question whether we shld take initiative in proposing prior to Sov-Communist approach an impartial inspection, believe you shld endeavor obtain early tripartite agreement to Western position whose main elements cld be used either as proposal or counter-proposal. Such position shld (*a*) expose fraudulent character Communist suggestion already made by

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[1] This telegram, drafted by Laukhuff and Cox and cleared by Byroade, Olson, Wainhouse, the Policy Planning Staff, and the Bureau of European Affairs, was repeated to London, Paris, and Moscow.

[2] *Supra.*

World Peace Council; (*b*) express our willingness to sponsor a truly impartial inspection conducted by a commission designated by UN; (*c*) propose that area of investigation be broadened to include Balkan satellites, i.e. to include all ex-enemy states. We regard point (*c*) as indispensable point. It follows line we have been increasingly taking since Paris talks began and which we wld take in any CFM, viz., that whatever we may be planning for western Ger has been made necessary not only or primarily by milit preparations in east Ger but by those farther east, and that in any event western Ger is open for anyone to see what is going on, whereas real area which requires investigation is that behind Iron Curtain, from which no info is made available and which therefore causes gravest disquiet to peace-loving peoples.

We agree that in any event we cannot permit any commission appointed by World Peace Congress to inspect western Ger. We recognize that inspection even by UN Commission wld have certain disadvantages and possibly cause embarrassment, and we wld not wish to accept such inspection unless assured that inspection of equal thoroughness wld and cld be made in Iron-Curtain countries. You will note we do not suggest extending inspection to Sov Union in this connection as we feel this might be self-defeating propaganda-wise. On the other hand, it shld be borne in mind that agenda thus far elaborated at Paris includes our proposal for discussion of existing level of armaments, and this will probably lead us to propose elaborate investigation in all countries including US and the Sov Union. If more limited proposal covering Ger and satellites were made at present, it cld be swallowed up in later more universal proposal if made at CFM.[3]

ACHESON

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[3] On June 21 Berlin reported that there was a total absence of any further indications about the proposed commission and speculated that the idea might have been killed in Moscow or might have been merely a trial balloon whose reason was not yet apparent. (Telegram 1531, June 21, 762A.00/6-2151).

762A.00/6-2751: Telegram

The Liaison and Political Reporting Division to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET BONN, June 27, 1951—6 p. m.

1268. From Liaison Bonn. Fed Cabinet in session June 27 few hours after Adenauer's return from Rome[2] declared total ban on all activities of FDJ (Communist youth) as an organization whose activities are directed toward disruption of demo constitutional order. Same legal mechanism used to ban SRP Reichsfront[3] and Commie [plebiscite] comites has been applied to FDJ, namely BL article 9 (2) and article 5 of law for Federal *laender* cooperation in matters concerning protection of constitution under which Federal Govt has power to order *laender* to enforce ban. Federal Interior Min Lehr understood to be taking immediate action under latter.

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[1] Repeated to Washington, Berlin, London, Paris, and Moscow. The source text is the copy in the Department of State files.

[2] Adenauer had left for Rome on June 14 for a state visit. For a report on his visit, see telegram 5804, June 20, volume IV.

FDJ ban will prohibit all activities of the organ as well as any action of associated organizations taken in attempt to promote FDJ in face of ban. Effort to secure enactment of "blitz law" revision of Ger criminal code (ourtel 1237 to Frankfort, 976 Dept, 258 Berlin, Unnumbered London, Paris, Moscow, June 20[4]) prior to Parliament recess expected to be increased in view of need for more effective punishment provisions to aid *laender* and local police enforcement of ban.

In view of known extensive SED-FDJ preparations for underground activity, it may be assumed that Federal ban will not have effect of eradicating the organ as such but merely of forcing it to camouflage its activities. Recruiting for Berlin Weltjugendspiel in FedRep will be seriously hampered, but it may be assumed that Commies will divert this effort to clandestine channels rather than give it up completely.

During the twilight period from now until new Ger criminal code provisions are enacted, activity in defiance of the ban will in most cases not be punishable by more than temporary detention and small fines under *land* police ordinances and existing criminal code provisions. In view of continued FDJ demonstrations in NRW during past few weeks despite total ban applicable to that *land*, it can be expected that immediate FDJ reaction, prior to final shift to underground, may take form of series of boisterous and semi-violent protest demonstrations as long as threat of serious punishment largely non-existent. However, it seems likely that *laender* police will be capable, as they have been on past occasions, of adequately handling demonstrations during interim.

Question of arresting SED agents presently directing FDJ activities in FedRep wld now seem best resolved by advising Ger police of their whereabouts, (Frankfort tel to Dept 10400 rptd Bonn 511 London 914 Moscow 124 pouched Paris[5]) because despite limited provisions present penal code, sect 128 and 129 do provide significant term of imprisonment for leaders of organizations charged with actively threatening constitutional order of state.

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[3] On May 4 the Federal Government had banned the *Reichsfront* and on the same day announced its intention of banning the SRP.

[4] Not printed; it reported that KPD–FDJ demonstration in the Petersberg area on June 17 had caused the Federal Government to consider expediting anti-subversive measures. The Federal "blitz law" under reference had been proposed by Lehr and consisted of 15 points providing for the punishment of subversives who sought to disrupt the free democratic order. (762A.00/6–2051)

[5] Not printed; it reported, *inter alia*, that at its 51st meeting PEPCO had discussed the internment of FDJ instructors who had infiltrated into the Federal Republic from the Soviet zone. (762A.00/6–2151)

HAYS

Editorial Note

At the conclusion of their meetings at Washington, September 10–14, the Foreign Ministers of the United States, United Kingdom, and France issued a communiqué, which stated in part:

> "The Ministers believe that the agreements now to be reached with the Federal Government should provide the basis for its relationship to their countries until a peace settlement with a unified Germany becomes possible. The division of Germany, however, prevents the conclusion of such a settlement at this time. This division and the security problem confronting the Federal Republic obliges the Allies to retain, in the common interest, certain special rights but only in relation to the stationing of armed forces in Germany and the protection of the security of those forces, as well as to questions affecting Berlin and Germany as a whole, including the eventual peace settlement and the peaceful reunification of Germany."

For the full text of the communiqué, see page 1306.

762A.00/8–1451 : Telegram

The Director of the Berlin Element of HICOG (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL BERLIN, August 14, 1951—5 p. m.

281. PEPCO from Morgan. Our tentative impressions of policy implications in Ulbricht August 12 speech and press conf on White Book (our 265, Frankfort August 13, rptd Dept 226, Bonn 104, pouched London, Paris, Moscow[2]), plus Grotewohl concluding remarks (*Taegl Rundsch* August 14):

Formal summation of Commie charges in White Book submitted all govts looks like preparation for official action.

Proclamation legal right to resistance vs. Bonn Govt (based on alleged breach constitution), re statement of desire "negotiate" with W Gers in order unify Ger and develop "common position of Ger people on question of peace treaty", rejection of "Adenauer-clique" for such negots, appeal new Ger bourgeois "peace forces" to "take affairs of W Ger in own hands" for this purpose, resembles bid for formation "constituent council" by collaboration W Ger stooges (our 67 to Frankfort, July 14, rptd Dept 50, Bonn 21, Moscow 12[3]). May indicate arrangements now completed for this step.

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[1] Repeated to Washington, Bonn, London, Moscow, Paris and Rome. The source text is the copy in the Department of State files.

[2] Not printed; it reported on Ulbricht's speech and press conference on August 12 and indicated that the white book which had been published by the German National Council was a compilation of the usual Communist charges of Western intervention in West Germany and attempts to resurrect German militarism. (762A.00/8–1351)

Call for continuation of plebiscite however points toward postponement next step at least several weeks. May indicate belief more "resonance" can be drummed up by rising econ pressures, possible dramatic events elsewhere. Ref to danger that W Ger Wehrmacht to be official be announced "in few weeks". May also be clue to Commie timing steps to match.

Grotewohl on negots with W Gers for unity makes plain that such step wld not annul "achievements of GDR" though these not to be extended "automatically" to W Ger; precise form of unified Ger to be worked out by "Gers at one table", but such Ger must be "democratic", can not be realized under conditions now obtaining in W Ger. This plainly excludes concessions for unification which wld seriously jeopardize Commie hold.

Allegation that Amer troops "have begun murdering Ger youth" signalized by *Neues Deutschland* lead edit Aug 14 as sign Ger peace struggle has entered new stage. Hence we anticipate further real or imaginary "Fascist provocations" this sort in coming months, as desperate effort kindle Ger passions against Allies and Adenauer. (Honecker Aug 12 speech said "hour is no longer very distant when Ger people will settle matters with its enemies and treat murderers of Ger youth as murderers deserve").

Intimidation given prominent place in press conf and Ulbricht speech, ranging from general stress war danger to warning that W Gers who use firearms against Gers will be listed and held accountable. Notorious Dec 1950 "peace law"[4] alluded to. Optimistic estimate of chances favoring W Ger resistance movement mainly supported by ref to backing of USSR and world peace movement, which "will not permit" scourge of Ger militarism third time. Devastation that war wld bring France also pointed up.

Commies thus heading for rising tensions, not *détente* this area.

[MORGAN]

JONES

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[3] Not printed; it reported that evidence was increasing that the Communists were preparing for unilateral implementation of the items in the Praha communiqué dealing with an all-German constituent council, a provisional government, and a German peace treaty. (762A.00/7-1451)

[4] For the text of the "Law for the Defense of Peace", December 15, 1950, see Ruhm von Oppen, *Documents on Germany*, pp. 536–538.

London Embassy files, lot 59 F 59, 350 Germany 9/17

The Director of the Berlin Element (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL PRIORITY BERLIN, September 17, 1951—11 a. m.

498. From Morgan. Further on GDR proposal for "All-German Conference, based on September 16 East press (our 494 to Frankfurt September 15 repeated Department 416, Bonn 182, Paris 146, London 87, Moscow 99[2]):

Volkskammer adopted two appeals, one "to Bundestag of Federal Republic Germany", one "to all Germans! to all German democratic parties and organizations!", in response to Grotewohl presentation of government declaration.[3] Second appeal echoes first and urges universal support. Essential proposal is for Bundestag and Volkskammer to hold "common all-German conference" of "representatives of East and West Germany" "as soon as possible in Berlin, capital of Germany". Two tasks to be accomplished by it: (1) decide on holding elections for National Assembly to create "unified, democratic, peace-loving Germany", (2) demand early conclusion German peace treaty, subsequent withdrawal all occupation troops.

Comment: While some concession made to previous Federal Republic position on all-German elections ("conference" at least verbally breaks with "constituent council" idea, dropping claim to set up provisional government before elections), no reference made to Bundestag March 9 resolution or to Federal Republic insistence that Four Powers settle conditions of election and establish international safeguards, which Grotewohl violently rejected March 14. Also no indication such points now acceptable. Grotewohl stressed German unification is German affair, not to be solved by outsiders.

Though in reference to previous proposals for "parity" representation Grotewohl said number of representatives "not of fundamental importance", context makes plain that "conference" would have no power override GDR delegates.

No new concessions offered on nature of elections. "Free, secret", etc., merely repeats language used January 30 (also formerly applied to notorious October 15 elections[4]). Stipulated that "democratic organizations" as well as parties have right offer own lists of candidates and form election blocks (thus paving way for perpetuation GDR bloc system). Politburo member Matern added in Volkskammer "debate" that proportional representation must be used, ban of FDJ and Commie press dropped, "blitz law" abolished in Western Germany.

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[1] Repeated to Washington, Paris, London, Moscow, and Bonn. The source text is the copy in the Department of State files.

[2] Not printed; it transmitted a brief summary of the Volkskammer proposals and commented " 'conference' may be constituent council in informal sheep's clothing but offer to put discussion of all-German elections first represents additional bait for getting 'Germans at one table' ". The Berlin Element concluded that the "intent to delay German armament obvious". (London Embassy files, lot 59 F 59, 350 Germany 9/15)

[3] For the texts of the two Volkskammer appeals and extracts from Grotewohl's presentation, see *Documents on German Unity*, vol. I, pp. 196–201, or *Efforts Made to Re-establish the Unity of Germany*, pp. 37–40.

Even though no governmental powers claimed by "conference" some would inevitably be exercised by it in deciding electoral system and setting up machinery. Proposed use as mouthpiece to demand peace treaty also indicates prospective exploitation as "all-German" organization.

Represents no softening of basic "national resistance" line; rather intended stir up popular current against Bonn regime, get Germans "take matters in own hands".

Despite above points, proposal contains enough specious concessions to deserve careful scrutiny for effect on West German and other West opinion. Today's East press already claiming Bonn seriously embarrassed because Adenauer's previous terms now met. Grotewohl also made broad play on French fear of German militarism. [Morgan.]

JONES

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[4] For documentation on the elections in the "German Democratic Republic" on October 15, 1950, see *Foreign Relations*, 1950, vol. IV, pp. 590 ff.

762A.00/9–1851 : Telegram

The Acting Director of the Berlin Element of HICOG (Lyon) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL PRIORITY BERLIN, September 18, 1951—5 p. m.

516 PEPCO from Morgan. Our 498 Sept 17, rptd Bonn 185, Dept 420, Paris 148, London 89, Moscow 101.[2] Our estimate Sov intentions behind GDR appeal for "all-Ger conference":

Fits coherently into continuing Commie drive to stir up and guide Ger movement opposing West-oriented policies and leaders. Real object of appeal is masses, not Bonn. Bonn rejection of appeal probably expected and desired as background for agitation. Proposal all-Ger elections now risked because Sovs believe West too committed in different direction to accept. If Bonn did accept and sent shrewd reps like Wehner to take a strong lead for elections under proper safeguards, at same time avoiding being maneuvered into anti-allied posture and refusing drag out negots, Sovs wld be extremely embarrassed and cover retreat even more clumsily than at Palais Rose[3] or Kaesong.[4] (As Grotewohl did March 14—see our D–641 March 20[5]).

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[1] Repeated to Washington, London, Paris, Moscow, and Bonn. The source text is the copy in the Department of State files.

[2] *Supra.*

In any case there is no sign that Sovs now seriously disposed "neutralize" rather than win Ger. Appeal coupled with increase polemic against West "intervention" and war danger. Continued use of lures for all-Ger talks repeatedly indicated in recent months, with statement that GDR "gains" not to be sacrificed (our D–883 June 22, tel 281 to Fkft Aug 14 rptd Dept 240, Bonn 107, Moscow 53[5]). Hence no likelihood at present that Sovs wld actually permit elections that West cld possibly accept. Anti-regime sentiment in Sov Zone so great that even half-free elections there, coupled with free elections in West, wld jettison entire Commie political hold on Ger (our D–123 Aug 20[5]). Such concession likely only as last resort at much later stage of world struggle, if ever.

Present move timed to counter public effect of Washington decisions.[6] Other perhaps more drastic moves probable in answer to later Western steps this year. Though "constituent council" idea now bypassed, "all-Ger conf is similarly designed as provisional all-German mouthpiece, and unilateral execution of fourth items Praha program remains possible. "Plebiscite" continues, thus pointing to bigger move later. Note Ulbricht still in Moscow. Other possible moves in coming weeks include publication Sov draft Ger peace treaty, Cominform or orbit FonMin Conf, another CFM proposal. [Morgan.]

LYON

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[3] For documentation on the Four-Power Exploratory Talks at the Palais Marble Rose in Paris, see pp. 1086 ff.

[4] For documentation on the cease-fire negotiations at Kaesong, Korea, see volume VII.

[5] Not printed.

[6] For the text of the Foreign Ministers decisions on Germany, see WFM T–5a, p. 1197 and footnotes thereto.

762A.00/9–2051: Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET FRANKFURT, September 20, 1951—noon.

2571. PEPCO. Re Volkskammer initiative for Ger unity (texts cabled mytel 2511, Sept 18, rptd London 187, Moscow 23, Paris 176, pouched Rome and Vienna[2]), our views are:

1. With minor exceptions, analysis and conclusions reformer Grotewohl initiative equally applicable (ourtels 6447 and 6448, Feb 4,

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[1] Repeated to Berlin, Bonn, Moscow, Paris, Rome, and Vienna.

[2] Not printed.

pouched London, Paris, Moscow and Rome [3]). Move marks resumption basic Sov strategy pursued in Ger since Praha declaration (somewhat under wraps since Palais Rose talks) with defeat WFM objectives as target. Exceptions relate to illusory "concessions" which West Gers may read into resolutions, i.e., call for "free elections" and abandonment of all-Ger Constituent Council. But altho Volkskammer now supports concept of freely-elected Ger Natl Assembly (as proposed by Allies-FedRep), it does not endorse western conditions for free elections, or concede that free elections must precede all-Ger talks in Ger Natl Assembly, or distinguish proposed all-Ger conf from earlier suggestion of all-Ger Constituent Assembly on parity basis. In addition, apparent acceptance of western condition that all bona fide polit parties enjoy freedom of activity thruout Ger, if examined, pertains only to guarantees which Volkskammer demands for "democratic peace loving parties and organizations", i.e., Commie-front groupings and mass movements. (Note that resolutions require these movements be assured right of proposing "election blocks", i.e., unity lists.)

2. Agree with analysis and estimate Sov intentions submitted by eastern element (Berlin's 416, Sept 15, sent Frankfort 494, rptd Bonn 182, London 87, Paris 146, Moscow 99; Berlin's 420, Sept 17, sent Frankfort 498, rptd Paris 148, London 89, Moscow 101, Bonn 185; Berlin's 435, Sept 18, sent Frankfort 516, rptd London 91, Paris 151, Moscow 103, Bonn 193 [4]). Sovs GDR hope to carry their case to people and under cut FedRep and Allied position (announced in WFM) that questions related to "whole of Ger" and to final peace treaty remain within province of 4 powers.

3. Latter purpose, propaganda build-up now underway (Berlin's 422, Sept 17, sent Frankfort 500, rptd Bonn 186 [5]), and exigencies Sov position in Ger, all point toward massive exploitation appeal thruout period of contractual agrmt-defense negots ahead and to submission, perhaps to UNGA, of "liberal" Sov-satellite draft peace treaty intended to capture Ger support at time critical to Allies and Bonn. Latter seems more likely than renewed bid for CFM, tho both cld be combined under final para WFM communiqué.[6] Some such move probably deemed necessary to justify all-year Sov slogan of "peace treaty in 51" and to impede western time-table, redeem Sov prestige lost at San Francisco, and frustrate in Ger initiative of type exercised re Japan.[7]

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[3] *Ante*, pp. 1752 and 1755.

[4] Telegram 416, not printed, but see footnote 2, p. 1780; telegram 435, printed as telegram 516, *supra*.

[5] Not printed.

[6] Of September 14, p. 1306.

[7] For documentation on the San Francisco conference for the signing of a peace treaty with Japan, see vol. VI, Part 1, pp. 777 ff.

4. Contest to deny West Ger support to western and Adenauer policy objectives probably moving into high-gear. Danger is that positive steps which West Gers must take may be checkmated by Sov exploitation of Ger nationalism, fear of war and awareness of military weakness. In this contest, we will be handicapped if Sovs maintain initiative on unity issue or win substantial segments of Ger public opinion to view that integration with west closes door to unification except thru civil war (note accent on this thesis in both resolution). Sovs no doubt correctly estimate that Allied and Bonn preoccupation with Eur integration outweighs present interest in Ger unity, despite lip-service paid. Unity issue can not, however, be excluded from great debates ahead in west Ger. Allies, furthermore, on basis WFM communiqué can hardly neglect assume responsibility and greater degree initiative on issue than has been case since second letter to Chuikov sent year ago (mytel unn, Aug 16[8]). Reuter (Berlin's 439, Sept 18, sent Frankfort 520, rptd Bonn 196, pouched London, Paris, Moscow[9]) and Lemmer (Berlin's 432, sent Frankfort 512, rptd Bonn 191, pouched London, Paris, Moscow[10]) have testified to impact of initiative on West Berliners. Altho Cabinet and initial SPD reactions have been negative and basically sound under circumstances (Bonn's 178, Sept 18, sent Frankfort 256, rptd Berlin 40, London 63, Paris 66, Moscow unn[11]), and Chancellor has rejected initiative, our tentative feeling is that it will cause more trouble than earlier Grotewohl initiative unless adroitly handled. For these reasons, EE suggestion of West Gers calling Sov bluff (Berlin's 435), or some similar move designed to expose Sov malafides, wld serve our purposes and clear air, especially if coupled with western unity formula which wld win support of West Gers.

5. Will submit further views on possible alternative courses of action soonest.

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[8] Not printed; for documentation on the High Commissioners' letter to Chuikov, October 10, 1950, see *Foreign Relations*, 1950, vol. IV, pp. 660 ff.

[9] Not printed; it reported a conversation with Reuter in which the Mayor gave his views on the Volkskammer appeal. Berlin summarized them as follows:

"Volkskammer offer represented good opportunity 'take bear's tail and twist it'. FedRep shld speedily take initiative and come back at Grotewohl with precise suggestions which wld put onus on east if it failed to accept them." (762A.00/9–1851)

[10] Not printed; Lemmer wanted to accept the appeal, believing that clever handling of the negotiations would soon show that the Communists were really not willing to accept free elections. (762A.00/9–1851)

[11] Not printed; it transmitted the text of the following statement which had been issued by the Federal Cabinet on September 17:

"Federal Cabinet also considered latest proposals of Herr Grotewohl. In this connection it was established as sense of Cabinet that conditions which were listed as essential in Federal government declaration of January 15, 1951, remain the same."

The telegram also indicated that "while general Bonn reaction was one of complete rejection, some party leaders fearful lest Soviets make headway with this and possibly additional disruption tactics before basic decisions re defence, etc., come up in Bundestag." (762B.00/9–1851)

6. Meanwhile, wld appreciate Dept's views. Our lines to date have been that Sovs–GDR have yet to prove bona fides, or to establish conditions requisite to free all-Ger elections, or to evidence more than propagandistic interest in effecting Ger unity. Will also support Adenauer's statements, made in last night's speech, that Volkskammer proposal trap which cld result in loss freedom for West Ger and eventual war and that only possible road to Ger unity and peace is Ger decision join west which will build strength sufficient to deter Sovs from aggression.[12]

McCLOY

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[12] For a summary of Adenauer's radio address on September 18, see *Documents on German Unity*, vol. I, pp. 202–203.

762.00/9–2351 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY FRANKFURT, September 23, 1951—8 p. m.

2649. Eyes only Acheson and Byroade. It has become obvious since my return[2] that negots to carry out Washington decisions will be strongly influenced by reemergence issue of German unification. Cool analysis and action in connection this situation will be needed in coming weeks.

There is possibility that events, nurtured by Soviets, may push unification issue into forefront of Ger mind, with contractual arrangements and defense participation temporarily becoming secondary matters. There is no profit in telling Gers to take one or other because basic urge for unification is such that any opposition on our part to it wld make it impossible for any Ger govt to participate in any and all projects to integrate Western strength.

We must not of course get into position of bargaining for Ger support for our plans. At same time we must not permit Sovs to take leadership in unification issue. Our policy must be to convince Gers that realization of projects to integrate Ger with free world is only firm basis for later unification of Ger. This is complex and holds possibility that we may not be able to stick to original timetable and that our activities in next few weeks must be elastic. Insistence on immediate action on integration, without meeting unification issue, might destroy chances to achieve our fundamental policy.

My long, friendly talk with Reuter yesterday, Sept 22, in Berlin emphasizes these points. It is well to keep in mind that Reuter recently has patched up some of his differences with Schumacher, who supported mayor other day in internal Berlin SPD controversy.

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[1] Repeated to Paris and London for Bruce and Gifford.

[2] McCloy had been in Washington for the meetings of the Foreign Ministers of the United States, the United Kingdom, and France.

Reuter believes we must take Grotewohl proposals seriously. At present he feels these actions have been primarily propaganda, but that there is likelihood Sov, fearing Ger armament, may make bold unification proposals in coming weeks. Until they do he favors Ger in Berlin and Bonn handling situation.

Mayor said Gers recognize hollowness of Grotewohl proposals and his own quick firm action in replying on Berlin phase of problem[3] will be followed next Thursday in Bundestag, when Bonn govt will lay down precise terms and answers for all Ger elections. Allies, Reuter believes, shld keep their powder dry, wait a few weeks and see what develops from East.

Nevertheless Reuter emphasizes that Ger unification urge is such that if Sov pushes we shall be facing serious problem. At present time he feels we shld go forward with our timetable for integration with West, but we shld recognize that events might interfere with that timetable. He admitted that, faced with serious choice between unification of Ger on democratic but neutral basis, and immediate integration into Western defense, Ger people wld find it difficult not to choose unification. He made pleas for patience and understanding on this point, emphasizing that reunited Ger wld be stronger democratic Ger than present Bundes Republic. Just as Berliners, who had been thru fire in recent years, were strongest democrats in Ger, so wld East Gers be firm and lasting democrats because their present experiences wld make them for decades bulwark against communism. Our goal shld be, he said, not only to include West Ger but also East Ger into program of Eur integration.

I pointed out dangers of trying to have it both ways in Ger. Amer people were impatient for action. They had spent time, effort, money in trying to strengthen Eur, including Ger, so that there wld be strength on continent to defend own freedoms. Amer people wld be likely to misinterpret delay on Ger's part at this late stage of proceedings. The Foreign Ministers had taken important decisions with regard to Ger Sovereignty and Ger participation in defense. It was inconceivable that Amer people or other Eur peoples wld be interested in defending Ger unless Gers were willing to make contribution to common defense. Just as important in total Eur program of integration, I added, was Schuman Plan. Gers must now give evidence of what side they were on. World, including Amer and Eisenhower, cld not wait much longer for Ger decision. If Gers were now to delay, Amer reaction might be to wash hands of entire project and let Ger fend for themselves.

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[3] For documentation on Reuter's proposal for all-Berlin elections and other materials relating to the status of Berlin, see editorial note, p. 1948.

In short, I endeavored to point out the far-reaching significance (perhaps the collapse of the whole Eur defense system and consequently of US support) if real progress were not made this year. I reminded him that it was the sense of the growing strength of the US, as well as recent US policy, which has brought the Sov to the point of making this offer. Gers must not dissociate themselves from that policy if they are to continue to be in a strong position in relation to the Sov.

Reuter was evidently impressed with exposition. He repeated that he saw no reason why at present we shld slow up program of integration. I pointed out that Schumacher was not exactly helpful. Reuter said Schumacher is beginning to recognize that there were limits he must not overstep in opposition to Allied plans. "I will do my best with him. Sometimes I can influence him a little though, to be sure, he will not change overnight."

We discussed Schumacher's antagonism toward Fr. Reuter replied that he too was suspicious of Fr in Berlin. I told him we had had recent assurances that Fr wld take more liberal attitude toward Berlin–Bonn relationships, particularly in regard to adoption of Bonn laws in Berlin. Reuter declared that a more favorable attitude on part of Fr in Berlin wld make a big difference and wld also influence Schumacher.

Conversation with Reuter reemphasized the pull of Ger unification on Gers. Reuter admitted that neither he nor anybody had found way thru complexity of situation. It is apparent, however, that we are heading into a period where careful thought will be needed in Washington and Ger.

In sum I inclined to think we now confronted with the well-designed and planned reaction of the Sov to the San Francisco and Washington decisions. Response if West Ger already indicates very careful preparation. I urge strongly that in view of the real delicacy this situation that no comments be made until we are sure we have uniform and solid position.

McCloy

762.00/9–2551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET PRIORITY FRANKFURT, September 25, 1951—9 p. m.

2718. Eyes only for Acheson and Byroade. At mtg with Chancellor this morning, François-Poncet (chairman) proposed that prior to discussions of Wash decisions, exchange of views be held re significance of Grotewohl proposals, and asked Chancellor how he intended to deal with them. The Chancellor said there was no question in the minds of any German leaders that proposals represent a Sov maneuver, working through their East Ger satellites, intended to create doubt in the minds of the Allies as to the West orientation of the Fed Govt and to gain time. He was uncertain whether a common resolution of Bundestag cld be obtained as he feared the SPD wld fol slightly different line for tactical reasons and thus prevent unanimity. It wld probably be necessary for each party to make its own declaration. He was very critical of Reuter's free-wheel suggestion for elections in Berlin since if this had been accepted by Grotewohl, it wld have placed the FedRep in an embarrassing position. The Chancellor asked whether in our opinion Germans shld request Allied intervention with the Soviets to ascertain how far they are prepared to go. Both François-Poncet and Kirkpatrick felt that there was no necessity for Allied intervention at this stage particularly since it might give the impression that the Germans were asking Allies to deal directly with Soviets over the head of the FedRep.

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[1] Repeated to Paris and London, eyes only for Bruce and Gifford.

In response to our request as to whether any Allied statement was desirable at this time, Adenauer suggested that none be made until after Bundestag debate.

I pointed out there was aspect of the problem which I thought shld be further examined. We cld not afford to dismiss Sov move as a mere propaganda gesture since it might develop the Soviets were now prepared to go further and to offer unification proposals far more satisfactory than any they had previously been willing to accept in order to take advantage of the Ger hope for unification to delay or even prevent Ger integration with West. Adenauer agreed Sov wld pay more this time to prevent Ger integration, and that therefore their proposals cld not be accepted. It was important, however, not to give the impression that the Fed Govt was blocking unification of Ger. Although Schumacher was doing all he cld to prevent integration, Adenauer felt his influence was waning and public opinion wld be more influenced by the result of negots beginning today. It was important that these shld not be delayed as such wld only play into Sov hands. To this we agreed but it is apparent that Adenauer's situation is complicated by this development.

[Here follows the remainder of this telegram which reported on the discussion of contractual relations, printed page 1525.]

McCloy

762.00/9-2751 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

TOP SECRET PRIORITY WASHINGTON, September 27, 1951—11 p. m.

2084. Eyes only for McCloy and Reber from Byroade. Pls give fol msg no distribution in order to ensure that its contents do no leak.

After reviewing situation created by Grotewohl proposals of Sept 15, we feel we have no alternative except to take some public position on Ger unification. Neither silence nor "standing on the record" will suffice because too many people have forgotten what record is.

Consider it excluded that we ourselves take any initiative to propose talks either by Gers or by four occupying powers and must seek by every means our power to prevent such talks occurring at this time. Consider that talks wld inevitably prevent Gers from concluding either contractual or defense arrangements and that not only our Ger policy but our defense plans and entire policy of Eur integration wld suffer severe setback.

In these circumstances believe we must hammer hard at three points. First, we must make clear our support for ultimate Ger unification and our record of such support. Second, we must make clear that Ger Commies and Sovs have been obstructing force because unwilling to consider unification except on terms which wld endanger West Gers freedom. Third and most important, Ger unity can only be sought through Eur integration and consequent snowballing of strength. Believe we must bend every effort to arouse enthusiasm for Eur idea as only way to gain strength and thus assure eventual Ger unification under conditions of freedom. We realize our task more difficult than that of Commies because our idea more involved. Believe, however, we have no choice but to make maximum effort along foregoing lines.

Bur of Ger Affairs has accordingly drafted statement which cld be made by Acting Sec for Dept. Statement reads as follows:

> "There are several things I wish to say about the reunification of the Sov Zone of Ger with the main part of the country.
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> First, we want to bring about the unification of Ger and we will vigorously pursue any plan genuinely calculated to achieve it. We will *not* accept a plan calculated to turn Ger into a no-man's land, make a football of the liberties of the Ger people and prevent the creation of a free and united Europe. On at least thirteen separate occasions since Feb 1950, the highest US, Fr, Brit or Ger Fed authorities have proposed or endorsed the holding of free gen elections throughout Ger. The record is crystal clear and it is impressive. We have sought by the most specific and detailed proposals to advance the freedom frontier from the Elbe to the Oder, as a first step in the peaceful reunion of Eastern Europe with Western Europe.

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[1] This telegram, drafted by Laukhuff, was repeated to Bonn.

The second thing I wish to say is that if there is not Ger unity today in the face of these exertions by us, it is because Ger Commies and Sov imperialists have combined to prevent it. They wish their own brand of 'unity', yes, but it is the unity of the concentration camp, of the chain gang, of the police state. Gen Chuikov, Commissioner of the Sov Zone, has failed to this day to reply to the proposals made to him for all-Ger elections. The East Ger Commies have rejected every single proposal for elections under free conditions and have countered with generalities and fuzzy variations designed to bring West Ger into the Eastern slave camp rather than to permit East Gers to express their undoubted longing for reunification with their free fellow-countrymen. The Ger Commies want two things. Ultimately, they want to extend their iron control over all of Ger. Immediately, they want to entrap the free world into endless *talk* about Ger unification in order to arouse false hopes in men's minds and thus hinder the consolidation of strength in the West. We have seen many examples of Commie ability to conduct a talk-fest, most recently at the Paris Deputies Conference last Spring and at Kaesong. With these experiences in mind, we do not believe the free Ger people will knowingly suffer themselves to be caught on *that* fly-paper.

The Ger Commies now talk of 'free' elections and of 'democratic' parties and suggest that a little friendly palaver will easily settle everything. Unfortunately, we and the Ger people know by now what the Commies mean by 'free' elections and 'democratic' parties. In other words, no talks about elections will ever be profitable until the Ger Commies and their Russian masters substitute hard facts for soft words. We wait for them to abolish their polit police, to guarantee normal personal and polit freedoms, to restore the independence of the judiciary, to permit democratic parties to operate freely, to renounce their unbridled econ looting, and to allow full and unfettered internatl supervision before, during and after elections. On the day Herr Grotewohl, under instructions from Gen Chuikov, takes specific measures to accomplish these things, a conference to prepare for elections can easily be arranged, and the way cleared for Ger polit and econ unity. We all know that we will wait in vain for Gen Chuikov to issue such instructions and for Herr Grotewohl to execute them because for them to do so wld mean that Eastern Ger wld be lost to communism. Nowhere in the world has communism been strong enough to tolerate true freedom.

What then is our policy, since every effort for Ger unity is rebuffed? A great movement is a-foot today in Europe, a movement which has been a dream for centuries, and which at last seems to be on the verge of realization. It is the drive for Eur consolidation and unity. Through the Council of Europe, the OEEC, the Schuman Plan for a Eur coal and steel community, and the Paris Conference for a Eur Defense Community, the urge of free Eurs for the creation of a prosperous, safe and united homeland is finding expression. Gers are joining Frenchmen in this drive. Itals are joining Scandinavians. The world has hardly begun to realize the revolutionary nature of what is happening. But we see enough to know that it must not fail. No double-talk, no blandishments, no threats, no dishonest proposals merely to 'talk' about Ger unity can be allowed to obscure or obstruct the great project now under way. Realization of a united Europe will bring great strength to the free world. Without strength in the free world all efforts to unite with it those parts of countries and countries now pinned under the iron heel of Commie imperialism will fail.

Ger unity will come, but it must be Ger unity with Ger freedom. There can be no lasting Ger freedom without Eur unity and the strength that flows therefrom. Our policy and that of our Brit, Fr and other Eur partners is to build that unity with all speed and at the same time to fuse it with the strength of our Atlantic community. We are completely convinced that the Ger people also believe in the rightness of this course and will drive with us towards the common goal. On Thur the voice of free Ger spoke through Chancellor Adenauer and the elected representatives of the people in the Bundestag, to demand that freedom be guaranteed to Eastern Ger before elections can be held. We are convinced that the suppressed voice of Eastern Ger wld join in that demand if it cld.

The frustrated and frightened ones today are the masters of the Eastern slave world, who see a great idea of unity and freedom beginning to take form and triumph. They seek desperately to stop it by every kind of maneuver. They cannot stop it and we believe the day will come when the peoples of the East will rise up and join it."

Foregoing statement not yet cleared but under discussion in Dept to be issued soonest if agreed. Urgently request your opinion as to its advisability.[2] Wld release at same time list of 13 occasions on which Western support for unification has been expressed, as stated in text. Wld probably seek to have statement subsequently supported by Pres in brief comment. Wld also consider it advantageous for you to follow up within 24 or 48 hours with statement listing in more detail specific measures demanded in Eastern Ger, probably along lines of Adenauer's Bundestag statement today.

Believe we have no choice but to support Gen line taken in Bundestag today, including support for specific proposal that UN supervise eventual elections. This seems consistent with our past record of demand for "internatl" supervision.

Do you think statement wld be strengthened by inserting after fourth line of fourth para something like following: "As Berlin's Lord Mayor Reuter and Chancelor Adenauer have suggested, let them agree to immediate elections in Berlin as a touchstone of their sincerity"? [Byroade.]

ACHESON

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[2] On October 4 Lewis transmitted to Secretary Acheson a memorandum summarizing recent developments in Germany, and stating that McCloy generally agreed "with both the content of the statement and the necessity for taking a position on this issue." McCloy, however, expressed the belief that the United States "should for the moment let the initiative rest with the recent Bundestag action." (762A.00/10–451)

762.00/10–351 : Telegram

The Ambassador in France (Bruce) to the Secretary of State [1]

TOP SECRET PRIORITY PARIS, October 3, 1951—7 p. m.

1998. From MacArthur. Gen Eisenhower is greatly concerned over developments in German situation, notably Grotewohl proposal and prospect that East German Commies may accept West German conditions for holding national elections looking to unification of Germany. Concern here stems from obvious fact that purpose this Commie maneuver is first to bring to halt and then completely sabotage allied negotiations re German defense contribution (EDF) and finally to neutralize Germany and deny it to West.

Gen. Eisenhower believes we should now be concentrating our most intensive effort on how to meet this situation so that we can go ahead and conclude our negotiations re German defense contribution regardless of how Grotewohl proposal evolves. He believes we should at once impress on UK and Fr urgency of developing soonest an agreed tripartite course of action which West German Govt might follow to insure best possible chance of concluding present defense negotiations with Germany in coming weeks. [MacArthur.]

BRUCE

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[1] Repeated to London and Frankfurt; copy relayed to the Department of Defense.

762A.00/10–451 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET BONN, October 4, 1951—noon.

214. Chancellor opened Wed mtg [2] with HICOMs by pointing out that he was expected to make important speech in Berlin on Sat [3] and cld not avoid mentioning Grotewohl proposals. For this reason it wld be important for him to know whether Allies agreed with Bundestag resolution.[4] He expects Volkskammer to reply to Bundestag Sat or Sun.

Kirkpatrick said that each of HICOMs wld have to speak for his own govt as no joint position had been adopted. He then reviewed position adopted by FonMins in Paris in 1949,[5] stating that any project resulting in neutralization of Ger wld be damaging as well as impossible of fulfillment and that if a unified Ger were created, it must be free to associate itself with other nations or groups of nations animated by desire of maintaining peace. He also said that any return to Control Council with veto procedure must be excluded.

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[1] Repeated to Frankfurt.

[2] October 3.

[3] For extracts from Adenauer's speech at Berlin on October 6 dealing with the question of German unity, see *Documents on German Unity*, vol. I, pp. 214–216 and *Efforts Made to Re-establish the Unity of Germany*, pp. 46–50.

[4] *Ibid.*, pp. 41–44.

[5] For documentation on the sixth session of the Council of Foreign Ministers, held at Paris May 23–June 20, 1949, see *Foreign Relations*, 1949, vol. III, pp. 856 ff.

I agreed with Kirkpatrick, adding that we felt resolution was a constructive step toward unification of Ger. Furthermore, it wld be important to continue to stress that integration of Europe was only satisfactory basis for progress and for peace and that such integration was completely consistent with unification of Ger. Berard agreed with foregoing but added a note of caution that a direct intervention on part of Allies in this present situation wld in his opinion make Chancellor's position more difficult.

Kirkpatrick then said that in 1949 one of the conditions which had been laid down by Ministers for unification of Ger was dissolution of Volkspolizei. He asked if omission of this condition by Bundestag was significant. Chancellor replied it had no significance whatsoever. Included in the fourteen points was proposal that UN Commission shld insure that conditions in East Zone were such as to make free elections possible. This was a most important condition which cld take care of all of the requirements not specified.

McCloy

762.00/10–551 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

TOP SECRET NIACT FRANKFURT, October 5, 1951—9 p. m.

2983. Eyes only for Secretary and Byroade. Reur 2084, Sept 27 [2] and 2194, Oct 4.[3] FedRep has now asked Allies to propose establishment of UN comm to investigate conditions in Sov Zone and FedRep so as to determine whether holding of free elections is possible Bonn's 217 [4]). It is of course difficult for us to judge here whether UN is appropriate body to undertake such a task or whether possible conflicting policies within that organization might hamper operations here, but I believe time has come when we should sponsor appointment of some such internatl inquiry. To refuse wld be interpreted as evidence of Allied antipathy toward unification of Ger which cld have serious repercussions upon our policy of integration and upon Ger willingness to make defense contribution.

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[1] Repeated to Paris and London, eyes only for Bruce and Gifford.

[2] *Ante*, p. 1789.

[3] Not printed; it repeated the Department of State's request for McCloy's views on the utility of the statement transmitted in telegram 2084, reiterating that the Western governments should not remain silent, but should make every effort to support the West German position and retain the initiative. (762.00/10–351)

[4] Not printed; it transmitted the text of a letter from Adenauer to the Allied High Commission repeating the Federal Government's several requests for all-German elections, asking that they be carried out under international supervision, and that a neutral international commission under United Nations auspices be established to investigate to what extent prevailing circumstances in the zones of occupation would allow the holding of free elections. (762.00/10–451) For text of Adenauer's letter, see *Documents on German Unity*, vol. I, p. 211 and Folliot, *Documents on International Affairs, 1951*, pp. 279–280.

I welcome expression Gen Eisenhower's concern, which I have fully shared, that Grotewohl proposal should not be permitted to slow up our negotiations to obtain this defense contribution but feel we must not ignore strong Ger desire for unity or appear to block its realization. If we do so we may well lose the support for integration which we now have. I am convinced, therefore, we should take positive stand linking Ger unity with integration and push forward as rapidly as we can with current negotiations.

Up to present we have thought it wiser to remain silent on this issue, in fact, Chancellor's circ [*letter?*] so suggested. Sitn has now changed, however, and we should answer FedRep's request for internatl commission and I believe it will be necessary within next few days to issue statement in Wash endorsing this request and also to head off possible Sov–East Zone attempt to try to regain initiative. It is important in statement to emphasize need for internatl control of possible election as opposed to return to four-power control (see Bonn's 219 discussions with Schumacher yesterday[5]) and also to make strong point of Eur integration.

On other hand we agree fully with Chancellor that it wld not be profitable to label East Zone offers as pure propaganda and lies. Based on above considerations fol is proposed revision of your version:

> "We fully support the course taken by the Bundesregierung and the Bundestag to bring about the unification of Ger. We favor Ger unification and we will vigorously pursue any plan which genuinely promises to achieve it. We will not accept a plan calculated to turn Ger into a no-man's land, destroy the liberties of the Ger people and prevent creation of a free and united Europe.
>
> On at least 13 separate occasions since Feb 1950 the highest US, Fr, Brit or Ger FedRep auths have proposed or endorsed the holding of free general elections throughout Ger. We believe the resolutions adopted by Bundestag provide firm procedure for holding all-Ger elections. We favor Bundestag proposal to hold elections in Berlin. We strongly support provision for internatl control of such elections as best method to guarantee freedom of expression and choice in all areas

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[5] Not printed; it reported on McCloy's conversation on October 5 with Schumacher, Schmid, and Ollenhauer, who felt that the Communist tactics were an attempt "to induce Allies to show hesitation re Ger unification." Schumacher thought that the Soviet Union would call for a Four-Power meeting which it would use for propaganda ends, and he felt that it was important for the Western powers to make their position clear rather than waiting for the next Soviet move. (762.00/10–551)

of Ger. Preliminary to this we are prepared to request the UN to appoint an internatl commission to determine whether conditions in both East and West Ger will permit the holding of free elections.

Our policy in Eur and Ger is clear and definite. A great movement for consolidation and unity is afoot today in Eur, a movement which has been a dream for centuries. Through Council of Eur, OEEC, Schuman Plan for Eur coal and steel community, and Paris conference for Eur defense community, the urge of free Europeans for creation of prosperous, safe and united homeland is finding expression. The world has hardly begun to realize the revolutionary nature of what is happening. This movement must not fail.

As this movement goes forward Ger unity will come and it must be Ger unity with Ger freedom. There can be no lasting Ger freedom without Eur unity and the strength that flows therefrom. Our policy and that of our Brit, Fr, and other Eur partners is to build that unity with all speed and at the same time to fuse it with strength of Atlantic Community. We are convinced that Ger people also believe in rightness of this course and will move with us toward common goal. Fed's [*The?*] realization of united Europe wld bring great strength and stability. Eur, with help of Atlantic Community, will thereby be enabled to defend itself and to build a better life for its people. A united Eur will also assure that its strength will be used only for defense. Democratic European institutions are best safeguards against aggression. By joining in creating European community, Ger people are showing their deep desire for peace with freedom.

We believe that Bundesrepublik, in seeking unification of Ger on basis of freedom and democracy, is furthering use of Eur unity."

Of course developments in next two days may make other changes in statement necessary. We recognize importance of obtaining Brit and Fr prior agreement to statement so we can present united front in follow-up here, but it seems to us that it is less important to obtain their agreement to wording than to sponsorship of UN committee. If their assent cld be obtained rapidly to these principles it should be possible to issue unilateral statements in each of three capitals early next week in time to forestall next Sov move. I agree with Schumacher that Grotewohl's answer this week is less important than next Sov move, which may take form of suggesting Min's conference to discuss four-power control of Ger election.

McCloy

Editorial Note

On October 10 Grotewohl addressed the Volkskammer with regard to the Bundestag proposals of September 27 and stated that they left unanswered whether the Federal Republic agreed to hold all-German talks and whether such talks should deal with the questions of holding all-German elections for a National Assembly and the conclusion of a German peace treaty. Grotewohl also declared that the negotiations concerning a new contractual relationship and the Federal Republic's inclusion in the Atlantic Pact or a European Army must be suspended.

The Volkskammer then adopted another appeal, echoing Grotewohl's position, but stating that the majority of the Bundestag proposals were acceptable subject to answers to the two questions posed by Grotewohl. For the text of the Volkskammer appeal, see Folliot, *Documents on International Affairs, 1951*, pages 282–283, or *Documents on German Unity*, volume I, page 217; extracts from Grotewhol's address are printed *ibid.*, pages 214–216 and in *Efforts Made to Re-establish the Unity of Germany*, pages 50–52; for the full text of the address, see Grotewohl, *Im Kampf um DDR*, pages 524–542.

762.00/10–1151 : Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

SECRET PARIS, October 11, 1951—8 p. m.

2141. Berlin's 175, Oct 5 (sent Frankfort 632, rptd Dept 543, Bonn 256, London 107, Moscow 120).[2] We find no indication, in conversations at FonOff working level, of anything other than preoccupation with question of how Sov unity maneuvers can be prevented from interfering with negots on contractual arrangements and integration of Ger defense contribution into European army. It is our belief that if reexamination of French policy with respect to Ger were in progress, traces of this wld have appeared by now as they did in February when to best of our knowledge concept of unification-cum-neutralization was last seriously considered in govt and apparently decisively knocked on the head and thereupon discarded.

This does not mean, however, that French do not believe Sovs may be prepared to go to very great lengths to prevent Bonn conversations from succeeding. FonOff release on latest Grotewohl msg (see separate tel this date[3]) is adroit move to deflate it in eyes of French public, but thinking inside FonOff is that latest move may well presage substantial acceptance of 14 points. Sauvagnargues, with whom we have had repeated prolonged conversations before his departure for London,[4] expressed view even at time of first Grotewohl msg (subsequent to our 1749, Sept 19, rptd London 439, Frankfort 204[5]) that it entirely possible Sovs may propose to apply Austrian pattern to Germany. We have, incidentally, conveyed to him intelligence contained in Berlin's 171, Oct 4 (sent Frankfort 623, rptd Dept 535, Bonn 252, London 104, Moscow unn[6]) which had not previously come to FonOff's attention.

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[1] Repeated to London, Frankfurt, Berlin, and Moscow.

[2] Not printed; it reported the Berlin Element's concern about the possible effect on French policy of the Communist deception campaign concerning German unity. Berlin also had misgivings that the French might believe instructions "purportedly emanating from Bonn Chancellory" directing Germans in former German territories, including the Saar and Alsace-Lorraine, to expect reunification with the German Reich. (762.00/10–551)

[3] Telegram 2140, not printed (762A.00/10–451).

[4] Sauvagnargues was leaving for London to participate in the work of the Tripartite Group on Germany (TGG); for documentation on this work, see pp. 1647 ff.

Because FonOff considers that Sov unification campaign may become more daring and thus more damaging, it has looked with anxiety to Bonn discussions and to Adenauer's attempt to capitalize on Sov pressure by demanding virtually complete sovereignty. Sauvagnargues has expressed deep gratification to us that High Commissioners maintained united front and immed set Adenauer straight. He voiced belief that bargaining position of West is much stronger than it seems since "Fed Govt must fear nothing more than four power negots on Ger".

We found extremely interesting also second para of Berlin's reftel with respect to possible Commie plant upon French of doc on Ger irredentism. This may have already had repercussions on French attitude in unification controversy, as evidence in *L'Aube* article reported in our 2101, Oct 9 (rptd London 519, Frankfort 238[7]). Altho French are not exactly enthusiastic about reopening of territorial questions by Adenauer, we have impression that they chiefly regret that he did not include sufficiently "unacceptable" conditions in the original 14 points. His general handling of controversy is considered adroit by FonOff and we find no grounds for believing that fear over Ger irredentism in connection with Saar[8] might blind the French to need for interposing maximum obstacles to Sov unification campaign.

BRUCE

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[5] Not printed; it reported that the French Foreign Office was "not much impressed" by the Grotewohl proposals and that de Courson, the Acting Chief of the Central European Division, considered "that if Sovs were willing to jettison entire GDR in hope of stopping FedRep's integration into Western defense, they wld have been more explicit and cld have made rejection considerably more difficult." (762.00/9–1951)

[6] Not printed; in it Morgan reported that the rumors about Soviet willingness to sell out the GDR in return for German neutrality had been confirmed by a reliable source as a deliberate Communist plant. (762.00/10–451)

[7] Not printed; the article in *L'Aube* stated that Adenauer's raising of the Oder-Neisse line question would embarrass the West no less than the East. (762A.00/10–951)

[8] For further documentation on the status of the Saar, see pp. 1970 ff.

762.00/10–1251 : Telegram

The Ambassador in the United Kingdom (Gifford) to the Secretary of State[1]

SECRET LONDON, October 12, 1951—7 p. m.

1805. Deptel 1980, October 11.[2] In conversation subsequent to despatch Embtel 1789 today (rptd Frankfort 215, Bonn 28, Paris 690 [3]) Allen gave fol additional Brit view on proposed statement re Ger unity.

Morrison does not want to inject any more fon policy issues into election campaign if possible. Iran and Egypt[4] have provided his opponents with enough ammunition, and he feels that statement along lines that given in Depreftel might be viewed as attempt by west to preclude possibility Gers themselves reaching any agreement on unity and of lifting issue from Ger to Allied-Sov level. Labor Party itself has always maintained that way must be left open for east-west negots, and Churchill for opposition recently intimated present international tension might not be so serious if his advice (of Feb 1950) for highest level east-west talks had been carried out. Therefore, for domestic polit reasons Morrison will be extremely wary of any declaration which cld be criticized as blocking negots.

When Kirkpatrick was in London this week he urged UK support for Adenauer request re UN commission to FedRep. Although FonOff has not yet reached decision on this Allen admitted it is probably not feasible to turn down request. What he fears is that Sovs wld accept proposal as formulated by Adenauer for UN investigation in FedRep and wld then, with possible help of "neutrals," confuse issue in such a way that west might be seriously embarrassed. This cld include demand for inspection into Ger security forces as threat to "freedom" of elections and breaking off of HICOM–FedRep talks in order not to "prejudge" results of elections. While west is clear on these matters, certain others in UN (he mentioned India) might well be taken in. Allen thought Sovs might use question of UN investigation as they did Paris talks last spring to slow down process of FedRep integration into west.

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[1] Repeated to Paris, Moscow, Frankfurt, Berlin, and Bonn.

[2] Not printed; it transmitted the text of a revised statement on German unity, updated to take account of Grotewohl's address on October 10, cleared within the Department of State, and incorporating the substance of the drafts in telegrams 2084, September 27, p. 1789, and 2983, October 5, p. 1793.

[3] Not printed; it reported that the British Foreign Office was cabling Franks to request "deferment proposed statement by SecState on German unity" pending further consideration of its implications, and it indicated that Morrison also was concerned about the effect of the statement on the coming British general elections. (762.00/10–1251) A copy of the British *aide-mémoire*, presented to Laukhuff by Porter on October 12, in response to the Foreign Office's cable to Franks, is in file 762A.00/10–1251.

[4] For documentation on U.S. interest in British policy toward Iran and Egypt, see volume v.

Allen considers close consideration will be necessary on part west powers and FedRep to determine whether endorsement of Adenauer request as presently formulated might not prove more disadvantageous than helpful. EmbOff emphasized Dept's strong feeling that statement shld be made, and, in view of postponement today, wld like SecState do so at his October 16 press conf. Allen promised furnish as soon as possible definitive Brit comments on present statement and, if FonSec changes views on matter, possible suggested changes.

GIFFORD

762A.00/10–1351 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY WASHINGTON, October 13, 1951—11:23 p. m.

2400. Fol is text of our revision of draft reply to Adenauer[2] referred to in our immediately preceding tel.[3]

"Your ltr 202–04 II 11375/51 of Oct 4[4] was transmitted to the three govts represented on the Allied HICOM and has been considered by them.

In your ltr you repeated the proposals made by the Fed Govt on Mar 22 and Sept 14, 1950 and on Mar 9, 1951 for the holding of free, gen, equal, secret and direct elections in the whole of Ger. You also requested the govts of the four OCC Powers to give the Ger people the earliest opportunity to elect under internatl supervision and under the legal and psychological conditions specified in the various proposals of the Fed Govt, a constituent and legislative natl assembly. The three govts need not remind you of the numerous occasions on which they have jointly and individually supported the idea of such elections under conditions which have been specified as necessary to protect the individual and natl liberties of the Ger people. They refer among other things to the ltrs sent by the Brit, Fr, and US High Commissioners in Ger on May 26, 1950 and on Oct 10, 1950 to Gen Chuikov, to the statements issued by the Brit, Fr, and US FonMins in London on May 14, 1950 and in NY on Sept 19, 1950 and to the proposals made by the Brit, Fr and US Deputies at the Paris Four Powers Conference on Mar 5, 1951. They now renew their support for the idea of elections under the safeguarding conditions which have been specified.

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[1] This telegram, drafted by Laukhuff and cleared with Secretary Acheson, Bohlen, Matthews, Perkins and Wainhouse, was also sent for action to London, Paris, and Bonn, and repeated to Moscow and Berlin.

[2] At 9:55 a. m. the Department of State had received from Bonn the text of a British draft reply to Adenauer's letter, which repeated the salient points made by the Chancellor and concluded:

"I write to inform you that your ltr was transmitted to the three govts represented on the Allied HICOM and has been considered by them. The three govts are willing to put before the UN your views re the necessity for a UN investigation of electoral conditions in the Sov Zone and in the FedRep, coupled with your specific request for such an enquiry to be held immed in the territory of the FedRep.

I should, however, add that the three govts consider that the UN might well take the view, which they themselves hold, that the investigation wld only serve a useful purpose if it were in fact extended over the whole of Ger as suggested in your note." (Telegram 232 October 13, 762.00/10–1351)

[3] Telegram 2399, not printed (762A.00/10–1351). It reviewed recent developments concerning the unity question, indicated that revisions in the British draft reply were necessary "because Bonn draft strikes Dept as so curt, lukewarm and negative in character as to be of little use to Chancellor vis-à-vis Bundestag and Ger public opinion", and repeated the Department of State's belief that a unilateral U.S. statement was "highly important to prevent Ger attention from being centered exclusively on issue of Ger unity."

[4] Not printed, but see footnote 4, p. 1793.

In your recent ltr you have made an additional proposal. You wrote:

> 'The Fed Govt feels obliged to do all in its power in order to ensure that the actual conditions for holding of all-Ger elections, proposed by it, are given. Vis-à-vis the territory at large, this can only be done by a neutral internatl comm—under UN control—carrying out investigations in the SovZone and in FedRep, to establish in how far prevailing circumstances make the holding of free elections possible. The Fed Govt requests that such an internatl enquiry be immediately carried out for the territory of the FedRep and wld ask the govts represented in the Allied HICOM to propose the estab of such a comm to the UN without delay. The Fed Govt will in every way facilitate the execution of the tasks of such a comm and will in particular allow it access to all Fed and Land Administrative offices as well as to all official papers and docs which it may require to see in order to complete its tasks.'

The three govts warmly welcome the constructive initiative which you have taken in making the proposal for a UN comm to investigate the extent to which prevailing circumstances allow the holding of free elections in the FedRep and in the SovZone of Ger. They have not failed to note the desire of the Fed Govt that such an inquiry take place immediately in its territory. The three govts desire to inform you that they will, at the first suitable opportunity, put your views before the UN and will propose that the UN undertake an investigation over the whole area of Ger. They consider that only by such means can it be expeditiously and satisfactorily determined whether or not conditions exist in the entire area of Ger which wld make it possible to consider as a practical matter the holding of gen elections."[5]

ACHESON

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[5] On October 14 and 15 the American embassies in London and Paris replied that subject to minor revisions the British and French approved the U.S. draft but still had reservations about the proposed statement. Telegrams 1822, October 14 and 2187, October 15, from London and Paris (762.00/10–1451 and 762A.00/10–1551).

762.00/10-1551 : Telegram

The Ambassador in the United Kingdom (Gifford) to the Secretary of State[1]

SECRET NIACT LONDON, October 15, 1951—1 p. m.
[Received October 15, 1951—9 : 09 a. m.]

1828. Altho appreciating that we have every right to issue statement today in connection with release exchange letters Adenauer-HICOM re Ger unity, I consider that for fol reasons it wld be unwise for us to do so (Deptel 2019, October 4, rptd Paris 2206, Bonn 138, Frankfort 2401, Moscow 270, Berlin 158,[2] and previous msgs on subj).

1. To proceed unilaterally in question which public mind is one of tripartite interest, might well give impression of weakening united front and therefore encourage Sov to divisive tactics.

2. Unilateral action by us in this instance might set precedent for similar action by either Brit or Fr or more likely both acting together on other Ger questions which may arise in future. I have particularly in mind the delicate negotiations now being carried on at Bonn re contractual arrangements.

3. It wld be interpreted by Brit and presumably by Fr as well as further evidence of what they feel is our tendency to act hastily and without regard for their wishes, to possible detriment our overall relationship with them.

4. HICOM letter wld seem to satisfy immed need for statement tripartite attitude on subj insofar Adenauer's Bundestag requirements concerned. In circumstances, might it not be preferable to hold statement in reserve as further ammunition shld need develop, and meanwhile give us time to try to persuade Brit and Fr to idea of tripartite statement.

5. Event the Brit do not propose issue statement, fact that we do so will necessarily place them in position of endorsing what we say because of tripartite responsibility in matter and hence indirectly inject subj into election campaign, which as we have pointed out is very thing Morrison wishes to avoid.

GIFFORD

Editorial Note

On the afternoon of October 15 the Department of State released the text of the High Commissioners' reply to Adenauer. At the same time the following statement was read to correspondents by Press Officer Michael McDermott but was not handed out textually:

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[1] Repeated to Moscow, Paris, Frankfurt, Bonn, and Berlin.

[2] Not printed; it informed Embassy London that the French had accepted the U.S. draft reply to Adenauer's note and that the Department of State planned to issue its statement at noon on October 15. (762A.00/10-1451)

> "In connection with the release of the text of the letter sent by the High Commissioner today in reply to Chancellor Adenauer's letter of October 4 concerning all-German elections, I wish to make the following points.
>
> The resolutions adopted by the Federal Bundestag on September 27 provide a sound procedure for holding all-German elections. The United States supports, as it always has, the provision for international control of such elections as the essential method to guarantee freedom of expression and choice in all areas of Germany. As a preliminary, Chancellor Adenauer has proposed that a United Nations commission be sent into the German Federal Republic to report to the world whether conditions of freedom exist under which elections could be held. He has challenged the Communists to admit a similar commission to East Germany. Such an investigation of the Soviet Zone is obviously indispensable before elections could be held. The United States is prepared to support in the United Nations a proposal for the making of such an investigation by a United Nations commission simultaneously in the Federal Republic and in the Soviet Zone.
>
> The United States Government favors German unification and will vigorously pursue any plan which genuinely promises to achieve it. On at least fourteen separate occasions since February 1950, the highest United States, French, British or German Federal authorities have proposed or endorsed the holding of free general elections throughout Germany. The record of our specific proposals to advance the freedom frontier eastward from the Elbe is crystal clear.
>
> Moreover, it has been United States policy to favor German unification on terms which would permit a united Germany to play its role in an integrated Europe. A great movement for European consolidation and unity is now under way. Through the Council of Europe, the OEEC, The Schuman Plan for a European coal and steel community, the urge of free Europeans for the creation of a prosperous, safe and united homeland is finding expression. It is the view of the United States Government that this movement will not fail and must not be delayed.
>
> The unity of a free Germany is part and parcel of the unity of free Europe but there can be no lasting German freedom without the strength that flows from European unity. The policy of the United States and that of its British, French and other European partners is to build such unity with all speed and at the same time to fuse it with the strength of the Atlantic Community. We believe that achievement of European unity will be a major contribution to creation of the conditions under which German unity can be safely and peacefully established. German unity will come but it must be German unity with German freedom." (762A.00/10-1551)

For the text of the High Commissioners' letter to Adenauer, which is the same except for minor textual changes as that transmitted in telegram 2400, page 1799, see Department of State *Bulletin*, October 29, 1951, pages 694–695, or *Documents on German Unity*, volume I, page 220.

762.00/10–2951 : Telegram

The Director of the Berlin Element of HICOG (Lyon) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET BERLIN, October 29, 1951—11 a. m.

737. Ref mytel 683; rptd info Bonn 279, Dept 586, Paris 193. Pouched London and Moscow.[2] In conversation with US liaison officer, Ernst Lemmer gave fol account his recent mtg with Dertinger:

Mtg came as surprise as Lemmer had been invited by old friend merely to meet "politically interesting personality." If identity of "personality" had been known, Lemmer wld have refused invitation.

Dertinger made no bones about fact that he had come to convey a msg with explicit approval of Semeonov and Grotewohl, and Lemmer felt it obvious that he (Lemmer) was intended to convey msg to his Western friends. Sov offer was serious; Moscow wanted it. Eastern efforts for united Ger were very real even if SED infuriated. Technique, mode, and even control of elections were all points where agmt was possible. East was aware Natl Front wld get only small minority in honestly elected Nationalrat. That was unimportant, Russians wanted unified Ger. They insist, however, on one condition. Unified Ger state must guarantee not to associate itself with Washington decisions. Both parts of then-united Ger must turn from their respective occupying powers. Sovs willing to pay high price for neutral Ger; even willing disinterest themselves in Ger. Dertinger ventured, strictly, he said, on his own, that Sovs might even swallow integration of new United Ger into Eur, Schuman Plan participation, etc.

Lemmer here said he interjected to Dertinger that it was obviously impossible to prejudice actions of a govt still to be created by making guarantees such as Sovs demand. Dertinger thereupon turned to "threat and terror" tactics. West was courting catastrophe. It underestimated Sov power. Had not Lemmer read Stalin's interview re atom bomb? USSR cld sacrifice 40,000,000 people. US had better atom bombs but bombing Russian cities wld not destroy Russia. Sovs have smaller atom bombs but wld US stand up under bombardments with these "old-fashioned" bombs on New York, Chicago and Washington—and soon? His, Dertinger's, recent speech that USSR wld not tolerate West Ger rearmament had Semeonov's approval.

Lemmer said he had reported entire interview to Adenauer, Kaiser and deputy Fr HICOM Berard none of whom objected to his handling of it. [Garble] CDU had also voted confidence in him after brief explanation. Lemmer interpreted whole affair as desperate attempt to prevent Ger participation in Atlantic Pact. Sovs were afraid of Ger soldiers. They were not honest, however, even with their threats. One cld expect them to attempt immediately to fill power vacuum of a neutral Ger by infiltration, subversion or resolution. Here Lemmer disagreed with Kaiser who thought unified Ger wld be strong enough to ward off Commie subversion.

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[1] Repeated to Washington, Bonn, London, Paris, and Moscow. The source text is the copy in the Department of State files.

[2] Not printed; in it Morgan reported that Lemmer had had an interview with Dertinger concerning an all-German conference and that the Communist tactics of deception continued in full swing. (762.00/10–1751)

Lemmer said he felt West must continue to push east with concrete suggestions for election laws, control machinery, and free access for election speakers. East must be kept on defensive. According to him Adenauer not quite of same opinion and wants to prevent "talks" at all costs. His emphasis of Oder-Neisse-Line question was thus designed to kill all chance of East-West talks. Adenauer reasons, and Lemmer thought with justification, that any East-West approach wld only make US suspicious and US was only hope for Ger and Eur. Ger cld never afford to alienate US. It was troublesome enough keeping Fr, Br, US and Ger on good terms without such political games as Grotewohl business. But, Lemmer stated, political games started by others cannot be ignored—they must be played and won.

Lyon

Editorial Note

On October 30 the Federal Government approved a draft electoral law which provided for free, secret, universal, equal, and direct all-German elections with the preparation and execution placed under international control and protection. Each party in the election would file a single ticket for the whole of Germany and restrictions on travel between the zones of occupation would be lifted three months prior to the election. The assembly elected by this vote would then draft and adopt an all-German Constitution.

On November 2 Grotewohl responded to the draft law by proposing that the Volkskammer draw up its own election law to be submitted to an all-German conference, since the Federal Republic had not responded to the demand for an all-German conference and the speedy conclusion of a German peace treaty. The Volkskammer duly empowered the "German Democratic Republic" to form a commission to work out a law for carrying out free elections to a German National Assembly.

On the same day Wilhelm Pieck, President of the "German Democratic Republic", addressed a letter to Dr. Theodor Heuss, President of the Federal Republic of Germany, accusing Adenauer of preventing German understanding and appealing to Heuss for a meeting of the two presidents "to discuss ways and means of expediting the convocation of an all-German talk in order to bring about the peaceful unification of Germany and the urgently necessary conclusion of a peace treaty with Germany." President Heuss replied on November 7, countering the various assertions that the Federal Government intended to prevent understanding between Eastern and Western Germany, and concluding that the peaceful unification of Germany would "not be achieved by a conversation based on uncertain premises, but will be accomplished as an act of national self-determination and genesis, when freely elected representatives of the entire nation will assemble for the purpose of holding council and taking decisions in a free spirit of personal responsibility."

Meanwhile on November 5 the United States, the United Kingdom, and France had sent identic letters to Trygve Lie, Secretary-General of the United Nations, asking that the Federal Republic's desire for a neutral international commission under United Nations auspices be placed on the agenda of the sixth session of the General Assembly. The Secretary-General referred the question to the General Committee of the General Assembly which considered it at its 76th meeting on November 9. Despite the opposition of the Soviet Union and Czechoslovakia, which claimed that the German question was outside the competence of the United Nations, the General Committee decided by a vote of twelve to two to recommend the inclusion of the item on the agenda. The General Assembly approved this recommendation at its 341st meeting on November 13 by a vote of 47 to 6 with 2 abstentions, and on November 13 the question of holding free elections in Germany was referred to the *Ad Hoc* Political Committee for further consideration.

For the texts of the Federal Republic's draft law, Grotewohl's speech, the Volkskammer declaration of November 2, the Pieck-Heuss correspondence, and the letter to the Secretary-General, see *Documents on German Unity*, volume I, pages 246–253; the Pieck-Heuss correspondence and the letter to the Secretary-General are also in *Efforts Made to Re-establish the Unity of Germany*, pages 57–61; copies of the draft law and Grotewohl's speech are also in Folliot, *Documents on International Affairs, 1951*, pages 283–286 and Grotewohl, *Im Kampf um DDR*, pages 543–554.

320/11–1251 : Telegram

The Secretary of State to the Acting Secretary of State[1]

SECRET PRIORITY PARIS, November 12, 1951—11 p. m.

Delga 161. Re German item. USDel staff had first mtg on Ger item this afternoon with French and Brit, mtg called by latter. Draft

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[1] Secretary Acheson was in Paris for the sixth regular session of the United Nations General Assembly and for meetings with Foreign Ministers Eden and Schuman on matters of common interest. Regarding the meetings of the Foreign Ministers, see editorial note, p. 1312.

British res (sent Dept Delga 136[2]) revised *ad referendum* by group; revised text in immediately following telegram.[3] Several questions raised at mtg which require governmental decisions. Group agreed to meet again Friday. Wld therefore appreciate Dept's reactions by Thurs.

We said we had no Dept reactions to draft res yet but Byroade[4] personally approved in general. Lacoste said French agreed in principle but queried whether opportune to be so detailed in terms of ref. Parrott (UK) thought strict terms of ref essential. We agreed, saying task was difficult and this had better be made clear at outset. Lacoste thought details made task look too difficult and indicated sponsors doubted feasibility of project. Sauvagnargues, German expert from Quai d'Orsay who carried burden of argument for French today, said phrase "simultaneous investigation" protected three powers and further details in res raised psychological hurdles, made it look as if three powers were against unity, and advanced other arguments which did not seem to us to justify apparent intensity of his feelings. Brit and we agreed it was necessary from UN point of view to give detailed terms of ref so exercise wld not look perfunctory and designed merely have propaganda purposes. Lacoste was impressed by this point and group agreed to include details, stating they were examples of matter commission wld examine.

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[2] Not printed; the British draft read:

"*Whereas* German Federal Chancellor has expressed desire for appointment of impartial international commission to carry out simultaneous investigation in FedRep Ger, in Berlin and in Sov Zone of Ger in order determine whether existing conditions there make it possible hold genuinely free elections throughout these areas;

And whereas this request has been brought before Gen Assembly by Govts of UK, the US and Fr,

The General Assembly:

Having regard to purpose and principles of UN as set out in Charter, and considering it desirable to give effect to this request,

1. *Resolves* to appoint Commission composed of representatives of . . . which shall carry out simultaneous investigation in FedRep of Ger, in Berlin and in Sov Zone of Ger to ascertain and report whether conditions in these areas are such as to permit holding of genuinely free and secret elections throughout these areas. The matters which commission shall investigate are:

(*a*) Constitutional provisions in force in these areas and their applications;

(*b*) Treatment of polit parties;

(*c*) Organization and activities of police and judiciary, and prison system;

(*d*) Conditions under which recent elections have been held and particularly whether they took place under secret ballot and without intimidation;

(*e*) Degree to which individual enjoys freedom of movement, freedom from arbitrary arrest and detention, freedom of assoc and assembly, freedom of speech, press and broadcasting.

2. *Calls upon* all authorities responsible for administration of Ger to provide commission with facilities which they require to enable them to travel freely throughout areas referred to above; and to allow commission freedom of access to such places as they require to visit in course of executing their task; and to allow them to summon any witnesses whom they wish to examine." (320/11-1051)

[3] Delga 162, November 12, not printed (320/11-1251).

[4] Byroade had accompanied Secretary Acheson to Paris for discussions on Germany.

In addition to redrafting of specifics, group agreed to French suggestion of reversing order of preambulatory paras and our suggestion (given to USDel by Byroade) of giving commission access to documents and adding final para requesting SYC to provide necessary staff and facilities.

One point we agreed required governmental decision was French suggestion to add to first operative para language to effect that GA appointment of commission wld be "without prejudice to responsibilities of four occupying powers regarding unification of Germany". British and we thought this opened res to Soviet attack on Art 107[5] grounds, but Sauvagnargues argued three powers must make clear that this res did not throw whole German question into UN or relieve four occupying powers of their responsibilities.

Further Unresolved Questions:

1. UK suggestion three powers shld keep in touch with Blankenhorn, FedRep observer here, keeping him informed so he won't disclaim knowledge of three powers thinking.
2. Shld commission be given time limit and if so, how long? We warned against getting in box where Soviets could spin out negotiations, thus delaying integration of FedRep into Western Defense System.
3. If Russians reject proposal in GA, shld three powers introduce second res expressing regret or, press ahead with original res? Sauvagnargues thought we shld go to vote on first res in order to make propaganda point in Germany. He thought Soviets wld not reject proposal out of hand but wld offer counter-proposal for quadripartite election supervision. We emphasized importance of striving for clear-cut Soviet rejection and not allowing matter to drag along indefinitely.
4. What shld position be on hearing East and West Germans in comite? Sauvagnargues was sure we shld oppose: "If East and West Germans ever get together at same table we are lost".

We raised various other tactical questions on possible Soviet gambits and queried what shld be done to meet them. UK and French indicated lack of prior thought on these problems.

ACHESON

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[5] Article 107 of the United Nations Charter reads:

"Nothing in the present Charter shall invalidate or preclude action, in relation to any state which during the Second World War has been an enemy of any signatory to the present Charter, taken or authorized as a result of that war by the Governments having responsibility for such action."

320/11-1651 : Telegram

The Ambassador in France (Bruce) to the Acting Secretary of State [1]

SECRET PARIS, November 16, 1951—5 p. m.

2925. From Laukhuff.[2] 1. Believe Dept shld consider whether it is sufficient for USDel merely not to oppose hearing East and West Gers (Deptel GaDel 161, rptd info Bonn 309, Frankfort 3016, Berlin 189, London 2531 [3]). In my view fol considerations must be weighed.

2. USDel informs me Malik has openly stated his intention to demand hearings for East Gers if resolution cannot be blocked. We reasonably sure, therefore, issue will arise and in absence our opposition Gers will be allowed to appear. Shld Sovs be allowed to get credit for greater willingness than we to have views of Gers themselves?

3. Much of Adenauer's doubt on this question appears to stem from fear that East Ger appearance will somehow involve recognition of GDR. I pointed out to Blankenhorn yesterday that no such recognition involved and perfectly good precedent set in case of Chinese Commie regime.

4. It is true that East Gers may attempt repeat proposal for all-Ger talks or other propaganda. But this line can also be taken by Sovs on their behalf and it can be met either by ruling it out as irrelevant or producing West Ger testimony against it or both. Is there any real danger here which does not exist anyway?

5. Proposal being made by us at West Gers initiation and request and most natural and useful to let them defend their own proposal. If good West Ger representation cld be obtained—and I recognize this is question mark—their testimony shld be very useful in outlining what they think is wrong in Sov Zone and why commission necessary. They might be more impressive on neutrals than arguments by three powers. Seems obvious Berliners shld also testify. Wld not appearance of Reuter for example be of great assistance?

6. In light of foregoing points which I have already suggested to USDel, wld Dept and Bonn not agree that it might be advisable for three powers to take initiative in proposing that reps of all three parts of Ger be heard? I wld think West Ger position sufficiently sound and firm that we cld only benefit by such hearings.[4] [Laukhuff.]

BRUCE

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[1] Repeated to Bonn, Frankfurt, Berlin, and London.

[2] Laukhuff had accompanied Secretary Acheson to Paris for discussions on Germany.

[3] Not printed; it reported that the Department of State was not enthusiastic about the possibility of the East Germans using the United Nations to request all-German talks and as a propaganda forum but its long-standing position that interested parties should have an opportunity to express themselves was overriding. The U.S. delegation should therefore make every effort in the *Ad Hoc* Political Committee to limit discussion to whether prevailing conditions in Germany made possible the holding of free elections. (320/11-1251)

[4] On November 17 the Department of State indicated its concurrence with Laukhuff's position. (Telegram 2990, November 16, 320/11-1651)

320/11-1851 : Telegram

The Secretary of State to the Acting Secretary of State[1]

SECRET PRIORITY PARIS, November 18, 1951—3 p. m.

Delga 243. Re German item. Refer Delga 161.[2] Following is revised draft res on Ger item agreed *ad referendum* by Fr, UK and USDel staff Nov 17 with reservations noted in subsequent comment:

"WHEREAS the Govts of the UK, the US and France, acting on a proposal made by the Ger Fed Chancellor, have brought before the Gen Assembly a request for the appointment of an impartial international commission to carry out a simultaneous investigation in the FedRep of Ger, in Berlin and in the Sov zone of Ger in order to determine whether existing conditions there make it possible to hold genuinely free elections throughout these areas,

The GA

Having regard to the purpose and principles of the UN as set out in the charter, and taking due account of the responsibilities of the four powers regarding the unification of Ger,

1. *Considers* it desirable to give effect to this request;
2. *Resolves* to appoint a commission composed of the reps of . . .[3] which shall carry out a simultaneous investigation in the FedRep of Ger in Berlin and in the Sov zone of Ger to ascertain and report whether conditions in these areas are such as to make possible the holding of genuinely free and secret elections throughout these areas. The commission shall investigate the fol matters in so far as they effect the holding of free elections:

   (*a*) The constitutional provisions in force in these areas and their application as regards the various aspects of individual freedom, in particular the degree to which, in practice, the indiv enjoys freedom of movement, freedom from arbitrary arrest and detention, freedom of assoc and assembly, freedom of speech, press and broadcasting.

   (*b*) Freedom of pol parties to organize and carry out their activities.

   (*c*) The orgn and activities of the judiciary, police and other admin organs.

3. *Calls upon* all auths in the FedRep, Berlin and the Sov zone to enable the commission to travel freely throughout the areas referred to above; and to allow the commission freedom of access to such persons, places and relevant docs as they consider neces in the course of executing their task and to summon any witnesses whom they wish to examine;
4. *Requests* the SecGen (*a*) upon adoption of the res to make the neces arrangements with all the auths concerned to enable the com-

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[1] Repeated to Bonn, Berlin, London, and Moscow.

[2] Dated November 12, p. 1805.

[3] Omission in the source text.

mission to undertake its work according to the terms of the present res and (*b*) to furnish such staff and facilities as the commission may consider neces.

5. *Directs* the commission to submit its findings at the earliest practicable date to the SecGen for the consideration of the four powers and for the info of other members of the UN."

Although gen agreement achieved on basis this draft Fr still very reluctant accept phrasing point (*a*) under para 2. They asked us report they wld strongly prefer eliminate all wording in para 2 (*a*) commencing with words "in particular". French reluctantly accepted US proposed change original wording of 2 (*b*). Elimination of former point (*d*) (Delga 162 [4]) suggested by us tended make whole listing somewhat less objectionable to French, who nevertheless still concerned about appearance of "prejudging question or creating obstacles" which they fear these explicit directions contain. Brit however, insisted that present language of 2 (*a*) thru (*c*) shld be included to give commission guidance as well as protection against restrictive Sov interpretation of description of duties in event commission actually admitted into East Germany. Cooper and USDel staff, including Laukhuff in entire agreement with Brit on this

USDel staff tentatively accepted mention of four power responsibilities re unification of Germany in second para in new and less objectionable wording. French supported by Brit argued this clause necessary because it helps make clear that UN investigation is strictly a one-time fact-finding operation and not beginning of chain of activities in UN leading to UN taking over responsibility for German unity. French believe clause wld help defeat Sov argument re 107, in that it affirms basis four power responsibility. Only few of questions outlined for discussion (see Delga 228, Nov 17 [5]) considered. Agreement reached tentatively that res shld be brought to final vote in both comite and plenary. Under res as presently drafted, commission members wld not be called together until SYG has indication (para 4 (*a*)) that Sovs will permit comm to enter Sov zone.

Also tentatively agreed:

(1) That no specific time limit for comm report shld be established since such fixed date might be more likely encourage delay of present Allied-German negots in Bonn than if no date set. (Appreciate Bonn comments this point);

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[4] Paragraph I, sub-paragraph *d* in the draft transmitted in Delga 162 read: "The conditions under which recent elections have been held and particularly whether they took place under secret ballot and without intimidation." (320/11-1251)

[5] Not printed; it reported that U.S. delegation staff meeting with the British and French delegations had been postponed until November 17 and transmitted a list of ten questions concerning possible Soviet countermeasures, the scope of the commission and the introduction of the resolution. (320/11-1751)

(2) That comm shld be composed of seven members (consideration of specific countries left open until next meeting).

(3) That UK shld make opening statement in *ad hoc* comite followed by supporting speeches of French and US.

(4) That Parrot (UK) will show Blankenhorn above draft on informal basis.

Other questions will be considered at next meeting November 19.[6] Wld appreciate Dept's comments soonest.[7]

ACHESON

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[6] No record of this meeting has been found in Department of State files.

[7] In Gadel 190 on November 18 the Department of State indicated that the draft transmitted in this telegram was "generally acceptable" (320/11-1851).

320/11-2051 : Telegram

The Secretary of State to the Acting Secretary of State [1]

SECRET PARIS, November 20, 1951—10 p. m.
PRIORITY

Delga 268. Re German item. Refer Delgas 251 [2] and 243.[3] Revised draft res on German item (Delga 243) has been cleared with and accepted by UK Govt and informally approved by Parodi of Fr FonOff. In tripartite staff meeting Nov 20, French expressed confidence draft res wld be officially approved by their govt in next two or three days. US del staff (including Laukhuff) on basis Dept's GADel 190 [4] indicated revised draft also acceptable US.

UK and Fr were not prepared undertake other than highly tentative discussion of outstanding questions (Delga 228 [5]) since they had not recd guidance from respective govts on most of them. Following points were however made:

(1) UK and Fr both definitely oppose hearing Germans at UN GA session because they fear it will lend invectiveness and excessive scope to deliberations which should be as factual and limited as possible. Elaboration of German points of view is not necessary nor advantageous at this stage and shld be reserved for presentation COM itself, when and if established. US del staff advanced idea that since item originally initiated by West Gers and since quite likely Sovs will raise issue anyway, it might be better propagandistically to take initiative than be forced into position of secondary approval later. Cooper concurs. It was agreed to leave question open for further consideration.

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[1] Repeated to Bonn, Berlin, London, and Moscow.

[2] Not printed; it reported that the West German observer at the United Nations, Boecker, had, *inter alia*, expressed approval of the draft resolution. (320/11-1951)

[3] *Supra.*

[4] Not printed, but see footnote 7, *supra.*

[5] Not printed, but see footnote 5, *supra.*

(2) Suggestion made by German observers re desirability of conducting investigation in FedRep and West Berlin whether or not comm is permitted enter Sov zone (Delga 251) was rejected by UK, Fr and US staff as unwise from viewpoint our policies in Germany. It was agreed that Adenauer shld be sounded out on this (possibly during Paris visit[6]) in order to avoid future difficulty over issue.

(3) It was agreed that possible Sov counter proposal calling for formation mixed east-west German comm shld be rejected with arguments that such comm cld not be expected be impartial and wld exaggerate current unity impasse rather than help remove it because such comm wld be incapable of performing neutral fact-finding type of job required.

(4) Questions 4 and 5 of Delga 228[7] passed over as relevant to underlying issues which must be kept in mind but as not presenting any immediate practical problems not otherwise covered.

(5) Composition of comm still an open question. Initial UK thinking, which French supported, wld include one satellite state (Ukraine in preference to Poles or Czechs because of bitter national hatred for Ger in these latter) and Sweden, Netherlands or Luxemburg, New Zealand or Australia, Turkey, Siam, and Brazil or Mexico. French suggested NATO powers and powers having troops in Germany shld be excluded (hence Turkey and Luxemburg) otherwise they agreed. We indicated that US del had not firmed up ideas on composition yet.

(6) Generally agreed that comm shld set up headquarters in West Berlin from which it shld operate as unit (particularly if one satellite and one or two shaky neutrals are selected) with field teams of staff assistants located in FedRep and Sov zone for continuous inspection and reporting work. Comm itself wld then be free to interview in Berlin and travel to various areas as single body. This arrangement or something similar wld be necessary to assure simultaneous investigation on one hand and prevent possible division of comm itself in such way as to give less friendly segment sole responsibility for one area. Security factor in interviewing East Germans also taken into account and led to conclusion that much advantageous preliminary work cld be done in West Berlin. These and related points to be considered further in connection with speech preparation.

(7) Generally agreed that sponsorship of resolution shld remain limited to three powers in view of their responsibilities and origin and initial handling of item.

ACHESON

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[6] Chancellor Adenauer arrived in Paris on November 21 for discussions with Foreign Ministers Acheson, Eden, and Schuman. For information on their discussions, see editorial note, p. 1312.

[7] They dealt with the possibilities of the Soviet Union using United Nations discussions to delay achievement of Western goals in Germany and agreeing to allow a one-time investigation.

320/11-2051 : Telegram

The Acting Secretary of State to the United States Delegation at the United Nations General Assembly[1]

SECRET WASHINGTON, November 27, 1951—4:10 p. m.

Gadel 264. Re Delga 266, Nov 20 (rptd info Bonn 74, Berlin 22, London unn, Moscow unn [2]). Shld proposal be made by Sovs or other dels for four-power mtg on entire Ger question, Dept believes USDel shld not appear reject it out of hand in view of adverse effect such unqualified rejection wld have on other dels and Gers. In answering such a proposal suggest that USDel point up long history of fruitless Western Allied-Sov negots on Ger question, citing in particular Sov walkouts from Allied Control Council and Allied Kommandatura and more recent Paris deputies mtg where Sovs made it impossible even to agree on an agenda. In view these unfortunate experiences of past, prospects for success any new four-power discussions extremely dubious and we are therefore most reluctant become involved in another protracted four-power mtg which wld in all probability result in failure and wld again raise false hopes and inevitable disappointment in Ger and elsewhere. On other hand, shld Sovs demonstrate by their acts a genuine desire to reach a solution of the Ger problem, the Western Allies might be more inclined to attempt another four-power discussion. There wld be no more fitting way for Sovs to demonstrate their good faith than to support and cooperate in the implementation of res calling for conduct of an impartial investigation. In absence such a demonstration indicating a real change in Sov attitude, Western Allied-Sov negots not likely to contribute to solution Ger problem. Point shld be emphasized that res before GA deals only with limited aspects of Ger problem with view to laying groundwork for broader progress if successful. It shld therefore be pursued without regard to question possible four-power talks on Ger. After investigation completed wld be time to consider whether four-power action called for.

WEBB

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[1] This telegram, drafted by Cox and cleared with EUR, UNP, EE, and GPA, was repeated to Bonn, Berlin, London, and Moscow.

[2] Not printed; it requested the Department of State's views on the line to be taken if the Soviet Union or any other delegation called for or suggested a Four-Power meeting on the entire German question. (320/11-2051)

Editorial Note

The *Ad Hoc* Political Committee of the General Assembly considered the question of holding free elections in Germany from its 15th meeting on December 4 to its 26th meeting on December 19. At the 15th meeting the representative from Pakistan proposed that the Committee invite representatives from the Eastern and Western Zones of

Germany and from Berlin to make statements. This proposal was adopted by a vote of 50 to 6 with 1 abstention. Heinrich von Brentano and Ernst Reuter testified on behalf of the Federal Republic, stating that the division of Germany was one of the main causes of tension in Europe and that free elections would be a decisive step toward unification. Since it seemed unlikely that free elections could take place in the Eastern Zone, the Federal Government had demanded the establishment of a United Nations Commission to ascertain if conditions existed for holding genuinely free elections. On December 11 the Committee heard statements on behalf of the "German Democratic Republic" from Lothar Bolz and Friedrich Ebert, who stated that the Federal Republic's proposals for an investigation commission would violate the principles of the United Nations Charter and constitute an intervention in the domestic affairs of the German people.

Also at the 15th meeting the British introduced a draft resolution, sponsored jointly by the United States, the United Kingdom, and France, substantially along the lines of that transmitted in Delga 243, page 1809. In the course of the debate of this resolution the three Western powers accepted amendments submitted jointly by five Latin American states and by five members of NATO, while at the same time responding to statements by the Soviet Union and its satellites that the commission was merely an attempt to prolong the division of Germany and that Article 107 of the Charter precluded United Nations consideration of the question. The revised tripartite resolution was adopted by the Committee on December 19 by a vote of 45 to 6 with 8 abstentions and was referred to the General Assembly.

For a record of the Committee's consideration of the question, see *Ad Hoc Political Committee*, pages 75–148; for the text of the resolution as adopted by the Committee, see page 1824; for the text of the alternate resolution proposed by Sweden and related documentation, see pages 1818 ff.

762A.00/12–651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State [1]

CONFIDENTIAL BONN, December 6, 1951—9 p. m.
PRIORITY

646. Common front between Fed Govt and SPD on Ger unity issue, which broke down over Fed Govt's proposed All-Ger Election Law, has now reached status of complete impasse, with failure of Fed Govt

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[1] Repeated to Paris, Berlin, London, and Moscow.

to consult SPD on appointment of Ger delegation to UN. On December 5 Govt announced appointment of Berlin Mayor Reuter, CDU Faction Chief Brentano and FDP Deputy Faction Leader Schaefer.

This selection, especially because of lack of bipartisan consultation, has deeply disappointed and angered Schumacher. He told Liaison Bonn that while SPD naturally had no objections to Reuter, fact must be understood he is going only as Lord Mayor of Berlin and not as party del, which means that SPD will not be represented at UN hearing. Accordingly, Schumacher implied, any actions of Ger delegation "wld not have weight of truly bipartisan delegation". He then bitterly castigated govt, especially Adenauer and Hallstein, for unilateral decisions on East–West matters and stupidity of ignoring importance of SPD. He charged that dels Brentano and Schaefer were not qualified as East–West experts and could not be expected to present West Ger case as effectively as could be done by Wehner (SPD) and others. Schumacher so irked by govt's action "which lacked any consideration" that he declared it was now too late to induce SPD to send reps, even if govt reversed its decision.

Unfortunate development leading to end of bipartisan policy, as Schumacher pointed out, began when Fed Govt proposed an All-Ger Election Law to which SPD could not agree. This proposal resulted in exchange of letters between Schumacher and Adenauer as rptd ourtel Frankfort 479, Dept 384, Paris 160, pouched London, Berlin, Moscow, November 14.[2] Schumacher stated that his last letter to Chancellor on this subject had still not been answered.

In explanation of his and Adenauer's handling of case, Hallstein tells us he was informed in writing by Poncet that UN had invited three Ger dels each from East and West Ger. Furthermore, Hallstein states only three seats available at conference table. Finally, he felt it bad psychology to send large delegation for first appearance of FedRep at UN. Between Wehner and Reuter, he pointed out, there was really no choice but latter. Hallstein expressed regret at Wehner's and Schumacher's indignation claiming he had high opinion of former. He said he wld make it clear thru Fed Press Office that invitation had been limited to three.

Thedieck, Hallstein says, will accompany delegation as a technical expert. Del will arrive Paris Friday but Reuter who has been ill may be a day late.

Comment: Altho Schumacher–Adenauer controversy over proposed All-Ger Election Law and strong SPD suspicion that Chancellor really luke-warm on unity, contributed to deterioration of common front, we believe possibility existed that these factors could have been overcome. Continued failure of Fed Govt since that time to attempt to heal breach and latest unilateral move re selection of dels without any SPD consultation, has aroused Schumacher to point where reestablishment of common front will be extremely difficult.

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[2] Not printed. For excerpts from the exchange of letters under reference, see *Documents on German Unity*, vol. II, pp. 2–4.

McCloy

320/12–851 : Telegram

The Acting Secretary of State to the United States Delegation at the United Nations General Assembly, at Paris[1]

SECRET WASHINGTON, December 11, 1951—6:27 p. m.

Gadel 414. Re Delga 475, Dec. 8, rptd info Bonn 130, Berlin 33; London, Moscow unnum.[2] Dept considers it reasonably unlikely Sovs will offer to proceed with UN investigation in return for suspension West Ger contractual and EDF negots in view their continued insistence that investigation not within competence of UN. However, shld such offer be made, most effective and desirable counter-argument might be simply to label it as irrelevant in connection with consideration of specific resolution in question. Issue at hand is whether agreement can be reached on acceptance and implementation of resolution as a necessary first step towards achievement of German unity, a goal which the Soviet Union also professes to seek. If Sovs are really sincere in this profession they can prove it by agreeing to resolution without reservations and permitting its execution in good faith. Acts not words are called for.

Such an argument is simple and direct and avoids prolonged discussion of why we cannot barter our present policy for a paper promise by Sovs to admit Commission which may or may not be implemented and which, even if honestly kept, is necessarily only the first step in a long process. Depending on the context and form in which Sovs raise question, this argument may not be sufficient, however, to meet our tactical needs in UN debate. In such an event it may be desirable to argue that we obviously cannot suspend efforts to achieve our broad policy objective of strengthening defense of West simply on strength of first of series of essential steps to achieve Ger unity.

If Sovs raise *faits accomplis* issue you shld insist present tripartite policies in no sense prevent or prejudice ultimate unification. You may also counter by citing fact that since beginning of occupation

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[1] This telegram, drafted by Hillenbrand and Cox and cleared with GAI, UNP, and EUR, was repeated to Berlin, Bonn, London, and Moscow.

[2] Not printed; it reported on the discussion of the German question before the *Ad Hoc* Political Committee on December 8 and asked for the Department of State's position if the Soviet Union offered to proceed with the commission providing the negotiations at Bonn were suspended. (320/12–851)

Sovs have gone right ahead in their Zone with creation of *faits accomplis*, frequently in violation of previous agreements. You may point out, for example, that they have scarcely been hesitant about creating *faits accomplis* in their remilitarization program for East Ger including organization of a para-military police force or in their treatment of Oder-Neisse territories (Polish-GDR agmt[3]). These and other policies have prejudiced freedom of action of a future unified Ger, but this is double-edged argument which shld only be used for rebuttal.

Dept wld be extremely reluctant to see us become involved in discussion of substance of our Ger policy or having to justify it in this context, but recognizes that Sov tactics might lead to situation where further argumentation required to avoid unfavorable repercussions in UN and elsewhere. In this case believe our best line wld consist of pointing out clearly that current negots with FedRep, in particular those looking toward Ger participation in Eur defense, are a direct result of Sov policy and action. We can cite in this connection rptd failure Western Allies secure Sov agreement for settlement of Ger problem, integration of Sov Zone into Sov orbit, menacing increase in Sov satellite armed forces, including remilitarization of Sov Zone of Ger, all of which have forced Western Allies to take necessary measures to strengthen their defenses against possible Sov aggression. Thus, if UN investigation contemplated is carried out, it wld be no more than a first indication of possible Sov intent to make basic reversal its aggressive policy. It is only when confidence has been established in possibility of long-term friendly relations between Sovs and free world that any reconsideration of latter's defense arrangements cld be contemplated.

With respect to possible Israeli amendment calling for investigation Nazi revival, believe you shld take position that an investigation under terms of resolution as now phrased wld bring to light any possible neo-Nazi threat to free elections, which, in any case, wld be one of many pertinent factors to be considered by the Commission. However, shld it appear tactically necessary to accept some language to meet point, you shld insist that phrasing of amendment clearly limit it to its direct bearing on conditions prerequisite to free elections. Any such amendment shld not be permitted to broaden scope of the Commission's inquiries.

WEBB

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[3] For information on the Polish-GDR frontier agreement of July 6, 1950, see the editorial note in *Foreign Relations*, 1950, vol. IV, p. 958.

320/12–1251 : Telegram

The Secretary of State to the Embassy in Sweden[1]

CONFIDENTIAL WASHINGTON, December 13, 1951—2:20 p. m.
PRIORITY NIACT

724. For the Ambassador. Hickerson saw Swed Amb this morning re proposed Swed res in GA on Ger item[2] (Delga 631, Dec 12 being rptd you, Bonn and London[3]). Request you see Prime Min immed with view his sending instrs to Undén in Paris not to submit draft res in *ad hoc* comite. You shld stress fol points indicating reasons why draft Swed res highly undesirable.

Point up long history of fruitless Western Allied–Sov negots on Ger question both within Ger and on FonMins level, citing particularly constant Sov obstructions and walk-outs from Allied Control Council and Allied Kommandatura Berlin and recent Paris deps mtg where Sovs made it impossible even to agree on agenda. We are most reluctant become invovled in another protracted four-Power mtg which wld probably result in failure and again raise false hopes and eventual deep disappointment in Ger and elsewhere. From US policy viewpoint such fruitless efforts wld merely delay and interfere with present policy of building defensive strength of West. Moreover, Chancellor Adenauer strongly opposed discussions this subj between East and West Gers since wld play directly into Sov–East Ger Commie hands by arousing false Ger hopes and distracting Gers from policy of integration with West. Purpose of tripartite GA res as requested by Adenauer was to see whether Sovs prepared genuinely cooperate in seeking res of Ger problem and to bring such pressure of world opinion as possible to bear on Sovs to induce improvement in conditions in SovZone. Sov record in Ger makes it essential have evidence through acts of their sincerity and good faith before undertaking any four-Power action to bring about all-Ger elections, unification and peace settlement. Implementation of tripartite proposal wld afford opportunity test Sov intentions whereas Swed res wld play into Sov hands exactly as feared by Adenauer. You shld emphasize our strong concern that four-Power and/or East–West Ger talks on this question now wld risk, in our view, jeopardizing present western policy of strengthening western defense and integrating FedRep into free western world by enmeshing us in protracted but fruitless talks which wld make Ger people more confused and more indecisive. At same time it wld not afford any evidence Sovs sincerely desirous achieving solution Ger problem.

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[1] This telegram, drafted by Laukhuff and Calhoun and cleared with EUR, BNA, and UNP, was repeated to Bonn, London, and Paris.

[2] A memorandum of Hickerson's conversation with Ambassador Boheman is in file 320/12–1451.

[3] Not printed; it reported that Undén had given Cooper a copy of the following draft which he appeared determined to submit to the *Ad Hoc* Political Committee despite the efforts of the U.S. delegation to dissuade him:

"*The General Assembly.*

Having taken note of letters of Nov 5, 1951, addressed to Secretary General of the UN, by which Govts of US, France and UK, acting on proposal made by Ger Fed Chancellor, have brought before the Gen Assembly request for appointment of impartial international commission to carry out simultaneous investigation in FedRep of Ger, in Berlin, and in Sov Zone of Ger in order determine whether existing conditions there make it possible to hold genuinely free elections throughout these areas.

Having regard to purposes and principles of UN as set out in charter, and taking due account of responsibilities of four occupying powers regarding Ger,

1. Considers it desirable that elections for Constituent Assembly be held throughout Ger after fol conditions have been duly satisfied before elections, (A) the citizens of Ger must enjoy freedom of movement, freedom from arbitrary arrest and detention, freedom of assoc and assembly, freedom of speech, press and broadcasting (B) polit parties must be free to organize and carry out their activities.

2. Invites four occupying powers to make necessary arrangements, by mutual agreement and together with reps of Ger nation, for organization of free elections throughout Ger, in conformity with points 1 A-B.

3. Declares that UN is ready, after having assured itself that all conditions indicated in point two have been satisfied, to offer its help to guarantee freedom of elections, and, particularly, to appoint for that purpose neutral international commission." (320/12–1251)

You shld indicate that Swed res also unacceptable and dangerous in its specific terms. Its para two implies that conditions in all parts of Ger are unsatis and must be corrected, thus lumping West Powers and FedRep with Sovs. This failure to recognize that conditions of freedom have been created in West Ger wld certainly be exploited by Commies as evidence of truth their allegations that freedom does not exist in Ger.

Furthermore, conditions specified in para 1 of Swed res do not by any means cover conditions which we have insisted are prerequisite for elections and unification of Ger. We have, for example, insisted that paramilitary and secret police must be abolished and Sov-seized econ enterprises be returned to Ger people before unification can be permitted. Swed res dangerously simplifies problem and wld put us in most difficult position.

Paris and Stockholm authorized at their discretion to indicate that if disinclination serve on our proposed comm is in any way behind new Swed move, we wld of course defer to their wishes although we wld highly value their services.

Dept believes Swedes wld be favorably influenced by direct indication from Gers in Bonn, Stockholm or Paris of their own misgivings over possible effects of Swed Res.[4]

ACHESON

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[4] In a telegram received in the Department of State at 4:08 p. m. on December 14 the U.S. delegation at the United Nations reported that Boecker indicated the West Germans would make direct representations to the Swedes. Delga 648 (320/12-1351).

In two subsequent telegrams on December 14 the Department of State instructed its Embassies in Copenhagen and Oslo to call on the Danish and Norwegian Foreign Ministries and seek their cooperation in bringing about the withdrawal of the Swedish resolution, and instructed the Embassies in Paris and London to see Schuman and Eden, inform them of the steps that had been taken and urge "that they take similar steps without delay so that all possible pressure can be brought on Swedes directly and through other Scandinavians." (Telegrams 485 to Oslo and Gadel 465 to Paris, 320/12-1451)

320/12-1451: Telegram

The Ambassador in Sweden (Butterworth) to the Secretary of State[1]

CONFIDENTIAL STOCKHOLM, December 14, 1951—3 p. m.

NIACT Received December 14, 1951—1:16 a. m.

765. Dept's 723, December 13[2] containing Swedish draft res arrived this Emb 11:30 p. m. Swedish time December 13 but Dept's 724, rptd Bonn 629, London 2893, Paris GADel 435, December 13, 2 p. m.[3] was not in fact dispatched from the Dept until 11 p. m. Swedish time and therefore did not reach this Emb until early hours of morning December 14.

I saw PriMin this noon after Cabinet meeting which occupied his forenoon and made requisite representations.

In reply Erlander emphasized that the Swedish Govt was most anxious not to take actions which wld embarrass US or hinder our rightful purposes. At same time he expressed the hope that we wld understand the preoccupation of many smaller Eur countries, particularly a country like Sweden a neighbor of Ger, that no stone be left unturned in an attempt to effect a unification of Ger under suitable conditions. Erlander pointed out that the decision to introduce such a res was not just a Swed Govt decision; that the Swed del to the UN comprised all of the political parties except the Commie and that the res was being put forward on an all-party basis. Erlander went on to say that the character of the representations made and the info thus vouchsafed which was much fuller than that reported by Boheman wld of course result in a reconsideration within the Swed Govt of its gen attitude. However, it was physically impossible to take any action now to withdraw the res which might well have been introduced already.[4] (Incidentally FonOff last night issued the text of the res as a proposal which had been submitted "to UN General Secretariat for a res on the question of a Ger election" and of course Undén's speech of December 5 [5] clearly indicated the Swedish dels intention.)

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[1] Repeated to Bonn, London, and Paris.

[2] Not printed; for the text of the resolution which it transmitted, see footnote 3, *supra*.

[3] *Supra*.

I made two statements to Erlander which I was careful to point out to him were my personal opinions and were not to be found in the instrs which I had recd this morning.

In first place, I suggested that if it were physically impossible to put the wheels into reverse at this late hour and effect a withdrawal of the Swed res, I hoped that the Swedish del wld be susceptible to accepting suggested changes which might modify rather decidedly its original res. To this Erlander made no specific commitment but did give me to understand that he would favor most sympathetic consideration of such amendments if they were suggested and he referred specifically to a current newspaper report that Norway had suggested an amendment to the tripartite proposal though its text was not given.

In second place, elaborating on the number of stones that we had already turned in an attempt to effect a unified Ger under suitable conditions I expressed my personal opinion that it was far more dangerous to delay than to take forthwith steps which the USSR wld regard very seriously such as putting Ger soldiers again into uniform; by the same token it was less dangerous to have made a Jap peace treaty this year than it wld have been next year and more dangerous year after next than next year.

He seemed impressed by this and asked me if I had any objection to his including this statement as my own personal opinion in his communication to FonMin Undén. I said that I hoped he wld feel free to communicate everything I said to Undén.

BUTTERWORTH

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[4] For the text of the resolution submitted by the Swedish delegation to the General Assembly, see Delga 663, *infra*.

[5] For the text of Undén's speech before the *Ad Hoc* Political Committee on December 5, see *Ad Hoc Political Committee*, pp. 89–90.

820/12-1451 : Telegram

The United States Representative at the United Nations General Assembly (Austin) to the Secretary of State

CONFIDENTIAL PARIS, December 14, 1951—4 p. m.
PRIORITY Received December 14, 1951—11:57 a. m.

Delga 663. Re German item. Further to Delga 631.[1] Swedish del submitted fol resolution in *ad hoc* Polit Comite:

"The General Assembly having noted letters to SYG dated 5 Nov 1951 (A/1938),[2] wherein govts of US, Fr and UK, acting upon proposal of German Fed Chancellor, submitted request to GA re appointment of impartial international comm to carry out simultaneous investigation in Fed Rep of Germany, in Berlin, and in Soviet zone of Germany in order determine whether existing conditions there make it possible hold genuinely free elections throughout these areas;

Considering that, on the one hand and, [representatives] of western Germany and of the Western sectors of Berlin, having been invited make a statement before *ad hoc* comite of GA, have informed the comite that such a comm, if appointed, wld have free access to the territories of Western Germany and of western sectors of Berlin, but that, on other hand, it appears from statements made by reps of eastern Germany and of eastern sector Berlin, who had likewise been invited make statement before *ad hoc* polit comite, that any comm which might be constituted wld not have free access to territories of Eastern Germany and of eastern sector of Berlin,

Noting that it is consequently impossible, for time being, to undertake proposed simultaneous investigation, having regard, moreover, to purposes and principles of UN as set forth in Charter, and taking due account of responsibilities of the four powers re Germany,

1. Considers it desirable that elections for purpose forming a Constituent Assembly shld be organized throughout Germany when suitable interval has elapsed since fulfillment of fol conditions:

(*a*) The citizens of whole of Germany shall enjoy freedom of movement, protection against arbitrary arrest and detention, freedom of association and Assembly, freedom of speech, press and radio;

(*b*) Polit parties shall be free to organize and carry on their activities;

2. Requests four occupying powers to endeavor, by mutual agreement and in consultation with reps of Ger nation, to create conditions required for organizing free elections throughout Ger in conformity with sub-paras (*a*) and (*b*) of para 1;

3. Declares UN prepared, after being satisfied that conditions stated para 2 have been fulfilled, to offer its assistance in order to guarantee freedom of the elections and is also prepared to appoint neutral international commission for this purpose."

AUSTIN

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[1] Not printed, but see footnote 3, p. 1818.

[2] Regarding this letter, see editorial note, p. 1804.

320/12-1451 : Telegram

The Secretary of State to the Embassy in Sweden[1]

CONFIDENTIAL WASHINGTON, December 14, 1951—8 : 16 p. m.

PRIORITY

739. Urtel 765 Dec 14, rptd Bonn 3, London 41, Paris 68.[2] Assume Erlander's remarks referred to impossibility of preventing introduction Swed res. Pls make renewed representations to him with view to bringing about withdrawal of Swed res. UN procedure makes this possible and there are innumerable precedents for withdrawal. You shld reemphasize seriousness with which US Govt views Swed move and consequences we fear may flow from it. Dept fully endorses second argument which you personally advanced.

You shld point out our full understanding of preoccupation of Sweden and other countries that no stone be left unturned in effort to unify Ger under suitable conditions. We share this preoccupation but we convinced on basis our many attempts to achieve this end that suitable conditions can not be created at present because of Sov policies by direct talks, though we hopeful tripartite res will have some effect this end. We are determined not to allow Sovs to use this issue to defeat our fundamental objective of bringing about lasting Ger cooperation with western world, including contribution to strengthening of free world's defenses. Any move which wld force us into negots with Russians about elections at this time wld in our considered judgment give the Russians the opportunity they are looking for and risk upsetting delicate balance in Ger which is at present leading FedRep along road to cooperation with west.

We are confident it is no part of Swed policy to assist Russians to use discussions about elections to slow up process Ger integration in west.[3]

ACHESON

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[1] This telegram, drafted by Laukhuff and cleared with Hickerson and Bonbright, was repeated to London, Paris, Bonn, Oslo and Copenhagen.

[2] *Ante*, p. 1820.

[3] On December 16 Butterworth reported that he had reiterated the reasons which concerned the United States about the Swedish resolution and had urged its withdrawal. (Telegram 776 from Stockholm, December 16, 320/12-1651)

U.N. General Assembly, *Official Records, Sixth Session, Supplement No. 20*, resolution no. 510

Resolution on the Appointment of an International Commission to Investigate the Possibility of Free German Elections[1]

[PARIS, December 20, 1951.]

WHEREAS the Governments of the United Kingdom of Great Britain and Northern Ireland, the United States of America and France, acting on a proposal made by the German Federal Chancellor, have brought before the General Assembly a request for the appointment of an impartial international commission under United Nations supervision to carry out a simultaneous investigation in the Federal Republic of Germany, in Berlin, and in the Soviet Zone of Germany in order to determine whether existing conditions there make it possible to hold genuinely free elections throughout these areas,

WHEREAS the statements made by the representatives of the Federal Government of Germany, of Berlin and of the Soviet Zone of Germany before the *Ad Hoc* Political Committee reveal differences of opinion with regard to the conditions existing in these areas, which make it essential that such an investigation shall be carried out by an impartial body;

The General Assembly,

Having regard to the Purposes and Principles of the United Nations as set out in the Charter, taking due account of the responsibilities of the four Powers regarding Germany, and desiring to make its contribution to the achievement of the unity of Germany in the interests of world peace;

1. *Considers* it desirable to give effect to this request;
2. *Resolves* to appoint a Commission composed of the representatives of Brazil, Iceland, the Netherlands, Pakistan and Poland which shall carry out immediately a simultaneous investigation in the Federal Republic of Germany, in Berlin, and in the Soviet Zone of Germany to ascertain and report whether conditions in these areas are such as to make possible the holding of genuinely free and secret elections throughout these areas. The Commission shall investigate the following matters in so far as they affect the holding of free elections;

(*a*) The constitutional provisions in force in these areas and their application as regards the various aspects of individual freedom, in particular the degree to which, in practice, the individual enjoys freedom of movement, freedom from arbitrary arrest and detention, freedom of association and assembly, freedom of speech, press and broadcasting.

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[1] This resolution, referred to the General Assembly by the *Ad Hoc* Political Committee on December 19, was adopted by the General Assembly at its 356th meeting on December 20 by a vote of 45 to 6 with 8 abstentions. Voting against the resolution were Byelorussia, Czechoslovakia, Israel, Poland, the Ukraine, and the Soviet Union; abstaining were Afghanistan, Argentina, Burma, India, Indonesia, Sweden, Yemen, and Yugoslavia.

(*b*) Freedom of political parties to organize and carry out their activities.

(*c*) The organization and activities of the judiciary, police and other administrative organs.

3. *Calls upon* all authorities in the Federal Republic, in Berlin, and in the Soviet Zone to enable the Commission to travel freely throughout these areas; and to allow the Commission freedom of access to such persons, places and relevant documents as it considers necessary in the course of executing its task and to allow it to summon any witnesses whom it wishes to examine.

4. (*a*) *Directs* the Commission to report at the earliest practicable date to the Secretary-General for consideration of the four Powers and for the information of the other Members of the United Nations, the results of its efforts to make the necessary arrangements with all the parties concerned to enable it to undertake its work according to the terms of the present resolution;

(*b*) *Directs* the Commission, if it is able to make the necessary arrangements throughout the areas concerned, similarly to report the findings resulting from its investigation of conditions in these areas, it being understood that such findings may include recommendations regarding further steps which might be taken in order to bring about conditions in Germany necessary for the holding of free elections in these areas;

(*c*) *Directs* the Commission, if it is unable forthwith to make these arrangements, to make a further attempt to carry out its task at such time as it is satisfied that the German authorities in the Federal Republic, in Berlin, and in the Soviet Zone will admit the Commission, as it is desirable to leave the door open for the Commission to carry out its task;

(*d*) *Directs* the Commission in any event to report, not later than 1 September 1952, the results of its activities to the Secretary-General for the consideration of the four Powers, and for the information of the other Members of the United Nations.

5. *Declares* that the United Nations is prepared, after being satisfied that the conditions throughout the areas concerned are such as to make possible the holding of genuinely free and secret elections, to offer its assistance in order to guarantee the freedom of the elections.

6. *Requests* the Secretary-General to furnish the Commission with the necessary staff and facilities.[2]

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[2] Following the adoption of this resolution Undén withdrew the Swedish draft.

762.00/12–2951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Office of the United States High Commissioner for Germany, at Bonn [1]

CONFIDENTIAL BERLIN, December 29, 1951—2 p. m.

517. Ernst Lemmer told us last night he recd telephone call two days ago from former Chancellor Joseph Wirth who was in Sov Sector Hotel and asked Lemmer visit him. Two had not met since 1933 when Wirth went into exile, whence he returned 1949 and has been living in Baden. According Lemmer, Wirth although only 71 looks 90, is somewhat senile, but almost fanatically embittered against Adenauer and other West Ger leaders for their lack of attn to him since his return Ger.

Lemmer said Wirth was obviously guest of Commies in Sov Sector. Has seen Chuikov, Semeonov and others since there and was expecting visit for Nuschke soon after Lemmer's arrival, so latter cut visit short. He said, however, Wirth showed him draft of 3 page letter (drafted by Sovs, in Lemmer's opinion) he plans send shortly to all Bundestag members denouncing Adenauer as separatist, traitor, etc., condemning Schuman Plan as comparable to Dawes and Young Plans, and castigating W Ger position re unity.

Lemmer considered only possibility preventing despatch of letter was if Vockel, Loebe, Catholic Bishop, Weskamm and several others whom Wirth wished see while here exerted influence. Difficulty was, Lemmer said, Vockel and Weskamm reluctant compromise selves by mtg Wirth. Lemmer seemed anxious to have us tell Vockel mtg was worth risk, since Adenauer in Paris [2] and Vockel cld not consult him. We made it clear we cld give no such advice, that decision lay with Vockel and we cld not intervene, especially as according Lemmer's own account Wirth is near fanatic, to whom even appeals of old friends likely be ineffectual. Lemmer then asked whether, if Vockel wished, we cld get message from him to Adenauer via Amembassy Paris. We indicated this might be done if Vockel had no direct means coded communication.

Lemmer deeply concerned probable effects Wirth ltr. Despite age and long absence Ger, he feels Wirth's name still carries important weight among older generation Gers, especially Catholics and informed middle and lower middle class circles, and might serve as eastern drawing card for anti-Adenauer, non-SPD elements. He mentioned particularly Heinemann, Wessel, Wholeb and Hermes as close to Wirth.

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[1] Repeated to Washington for information. The source text is the copy in Department of State files.

[2] Adenauer was in Paris for the meetings of the Foreign Ministers of the countries participating in the European Defense Community Conference; for a report on these meetings, see p. 985.

When asked if Wirth was possibly emissary from Wessel, Heinemann to East, Lemmer said not but he undoubtedly hoped to establish link. He also pointed out if Wirth takes contemplated stand he will be first really big Ger fish caught in Commie net. Catholic aspect also important this connection. Lemmer recalled, too, that Wirth was one of leading exponents of Rapallo.

Lemmer and perhaps Loebe and several others may see Wirth today in West Berlin. If appeals to him fail, Lemmer said effect Wirth letter might be undercut by straight news story planted in West Ger press giving facts Wirth's present sojourn in Sov Sector as guest of Commies. Since Wirth's ltr wld probably be sent before Bundestag reconvenes Jan 7, story shld appear by Jan 2 and Lemmer contemplating arranging it.

Lemmer obviously excited by Wirth case and may be exaggerating story and effects of alleged ltr. Willy Brandt (SPD) who joined conversation briefly, seemed less concerned re effects.

McCloy

POLICY OF THE UNITED STATES WITH REGARD TO ALLIED RIGHTS IN BERLIN[1]

A. THE PROBLEM OF ACCESS TO BERLIN AND THE SIGNATURE OF AN INTERZONAL TRADE AGREEMENT

462A.62B31/2-851 : Circular airgram

The Secretary of State to Certain Diplomatic and Consular Offices[2]

SECRET WASHINGTON, February 8, 1951—8 : 10 a. m.

Subject: Berlin and Interzonal Trade.

Department Telegram 3523, November 11, stated our views that we should in general advocate a policy of firmness in interzonal trade negotiations. We recognized, however, that events outside Germany could force a modification of this attitude.

We have reviewed this cable and our attitude in the light of the present Far Eastern situation. U.N. reverses in Korea may increase the likelihood of Soviet aggressive moves in Europe or the Middle East, and of additional harassing tactics, possibly through a blockade imposed by G.D.R. forces. The greatest danger of such moves probably will take place immediately after the four-power discussions with the Soviets, if no agreement is reached in these meetings.[3]

We do not believe that a "firm" policy alone will provoke a blockade; such a policy appears to be the only possible means of eventually effecting a decrease in the quantity of the strategic shipments to the Soviet Zone and through Berlin and the Soviet Zone to other Soviet areas.

Therefore, the Department reaffirms its stand for firm tactics stated in Department Telegram 3523.

We are, however, very much concerned over the Soviet-inspired threat not to sign the coal and power agreement in order to force approval of the protocol extending the Frankfort Agreement.[4] We understood that the Soviet Zone requirements from the West were so essential that the loss of trade with Western Germany would be risked through a renewed blockade against Berlin only if the blockade were desired by the Soviets in the framework of a larger aggressive policy.

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[1] For previous documentation, see *Foreign Relations*, 1950, vol. IV, pp. 818 ff.

[2] This airgram, drafted by Rogers and cleared by Wiesner and Lewis, was sent to Frankfurt for action and to Berlin, London, Paris, and Moscow for information.

[3] For documentation on Four-Power Exploratory Talks at Paris, see pp. 1086 ff.

[4] Shortly after the Berlin blockade was lifted, East and West Germans negotiated a trade agreement to replace the one abrogated by the blockade. The new agreement effective from November 1950 was called the Frankfurt Agreement and provided for interzonal trade from November 1, 1949 to June 30, 1950. It was extended on June 30 for 3 months, and two other informal extensions brought the expiration time to March 31, 1951.

If the above assumption is correct, then the East German threat to stop coal deliveries may have been an empty one. However, if the above assumption is not correct, then the Western position in Berlin is much more tenuous than we had imagined.

We will appreciate your urgent evaluation of the situation. What alternatives do you see for the West to follow on the occasion of the next threat to stop or curtail coal shipments? Do you believe that a satisfactory agreement between the Zones can be concluded in spite of this threat?

ACHESON

762A.0221/2-2251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

SECRET PRIORITY BERLIN, February 22, 1951—midnight.

1070. For Byroade AGSec from Slater. Following is summary report executive session High Commissioners with three western Berlin commandants, held Berlin 22 February 1951, during which following questions were discussed:

[Here follow parts *a–c* of this telegram, printed page 1897.]

d. Soviet interference inter-zonal waterways:

Council considered commandants paper[1] (being air pouched Department) which described continued Soviet interference on interzonal waterways and which contains conclusions that:

> "(*a*) Unless there is a change in Soviet methods, water traffic in Berlin would be so reduced and rendered so unreliable that it could not be counted upon to supply any of the essential requirements either for current use or from stockpiling;"
>
> "(*b*) Stoppage of Soviet zone water traffic passing through Western Berlin would produce quick and satisfactory transportation at expense of loss of very small tonnage of water transport importations for period of countermeasures and perhaps of additional pinpricking activities". (Commandants also cite fact that Soviets have already on several occasions refused to negotiate except on unacceptable terms.)

Although Council authorized commandants to impose general stoppage by employing such legal devices as documentation checks, etc., on all Soviet zone barge traffic passing through western sectors, it agreed that commandants would not implement this decision for several days in order to provide an opportunity to determine whether an East German offer to provide additional trains to move present coal backlog was genuine. Dr. Leopold, West German negotiator, reported to HICOG today that East Germans have agreed to provide 45 trains at rate of three trains per day to move coal backlogged by closing Mittelland canal lock. I agreed to delay of commandants' retaliatory measures even though I recognized that East zone offer is separate issue from larger question of resolving entire Berlin West zone canal problems through program of retaliation. If East German offer proves genuine, Commandants must then decide appropriate steps.[2] [Slater.]

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[1] The paper under reference here has not been identified further.

McCLOY

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[2] On February 25 the Berlin Element of HICOG reported that Soviet officials had expressed a willingness to discuss problems relating to the Tetlow Canal, but that at a meeting of Soviet and U.S. representatives on February 26 no success was achieved in lifting Soviet restrictions on barge traffic. A subsequent message on February 27 from the Berlin Element indicated that if Soviet action was not forthcoming counter-measures would be implemented by the three Western Commandants. (Telegrams 1079, February 25 and 1088 February 27 from Berlin, 762A.0221/2-2551 and 962A.50/2-2751)

962A.534/3-651 : Telegram

The Acting Director of the Berlin Element of HICOG (Jones) to the United States Delegation at the Four-Power Exploratory Talks, at Paris [1]

SECRET PRIORITY BERLIN, March 6, 1951—5 p. m.

238. Allied Commandants acting with approval of HICOMs today imposed countermeasures against Soviets by initiating close check all craft navigating West Berlin waterways through which East Zone traffic moving at rate of 300,000 tons monthly. Reason for action is continuing Soviet harassment and refusal Soviets even to discuss matter. Excuse will be "prevention of smuggling" in event of anticipated Soviet protest. Burgermeister Schreiber informed of decision at 1200 today; first barges to be stopped at 1500. McCloy suggests desirability summarize background this action.

Ever since end of blockade Soviets have continued violate Jessup/Malik[2] and Paris agreements[3] respecting access Berlin by series of harassment measures on road, rail and water. They have failed in their basic objective to block and undermine economic recovery Berlin and growing trade with West. However, Soviets in past months have been concentrating on gradual throttling waterways traffic, recognizing that only channel (other than air) we can expand in accordance with growing needs of Berlin is waterways since rail is limited by written agreements and road by type of cargo and restrictive operation Soviet border control points.

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[1] Repeated Frankfurt, Washington, Heidelberg, London, and Moscow. The source text is the copy in the Department of State files.

[2] For documentation on the Jessup-Malik talks in the spring of 1949, see *Foreign Relations*, 1949, vol. III, pp. 694 ff.

[3] Regarding the *modus vivendi* for Berlin reached at the sixth session of the Council of Foreign Ministers at Paris, May 23-June 20, 1949, see *ibid.*, pp. 856 ff.

Waterways is also only channel where we have effective deterrent power of retaliation. Soviets have therefore been moving cautiously to eliminate western traffic on waterways connecting Berlin with West while seeking avoid retaliation by using indirect delaying tactics.

Soviet methods include.—

a. Holding up approval of new barge permit applications and revised crew lists.
b. Limiting barge permit extensions to short periods (one month).
c. Unjustifiable inspection requirements.
d. Other excuses such as repair of locks.

Soviet tactic has been to make gesture of cooperation when apparent we are on verge retaliation. Typical is recent offer of East German authorities to provide 45 trains to move coal detained on Mittelland canal by lock repair. In this case, however, Soviet attempt to play same old game of harassment under mask of cooperation was revealed by fact this offer still not implemented after 11 days, culminating yesterday in denial clearance for Berlin of first four such trains arrived in Soviet Zone from West.

Least openly provocative way for Soviets to eliminate western traffic on waterways is to discourage skippers from engaging therein through methods listed. This has been Soviet policy since beginning of 1950 and only setbacks we have been able to inflict were direct result of imposition countermeasures here last June and September. Effectiveness of present Soviet tactics indicated by fact that 50 percent of Ruhr barge fleet and 40 percent Hamburg fleet in possession interzonal permits are refusing to make run to Berlin. Effect on West traffic is equally revealing. Under average non-ice conditions 100,000 tons a month should move into West Berlin. With open January only 12,000 tons moved and February 20,000 tons was little better. Commandants agreed present most favorable moment impose restrictions on heavy East Zone and Soviet waterways traffic with objective forcing general solution.

Allied Commandants assuming complete responsibility for action which will be implemented by German police and customs supported by Allied Transport and Public Safety officials and military police. Method will be to examine all ship's papers, technical certificates, registry cards, crew lists, and *Warenbegleitscheine* covering loads. Check will tighten and loosen periodically as indicated by conditions.

If Soviet-owned or controlled barges contain soldiers, military police will permit passage but in line with Soviet refusal to permit transport German personnel in Allied vehicles German crew will not be allowed passage.

Our intention is to maintain these restrictive controls until satisfactory agreement reached with Soviets covering entire field of water transport, including barge, crew and cargo documentation and inspection standards and methods.[4]

JONES

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[4] In response to these countermeasures General Dengin sent the following letter to General Bourne on March 7:

"On 6th March 1951 British Military Police together with policemen of Western sectors of Berlin stopped traffic of vessels of river fleet of German Democratic Republic through Spandau, Charlottenburg and Ploetzensee Locks.

These actions, undertaken not only with the knowledge of British military authorities but with the direct participation of British Military Police are evidence of a deliberate violation of New York and Paris Decisions on part of British. I lodge strong protest against these unlawful actions of British authorities which stopped navigation of vessels on waterways of German Democratic Republic in Western Berlin, and demand immediate reestablishment of conditions which existed on March 1st, 1948. I point out to you that the responsibility for violation of these agreements, and for consequences which might arise as result of such actions, falls entirely on British authorities."

Berlin transmitted the text of the letter in telegram 1136, March 9 (962A.5301/3-951).

940.5301/3-1651 : Telegram

The Acting Director of the Berlin Element of HICOG (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY BERLIN, March 16, 1951—6 p. m.

1307. For ECA. Reference Bonn to Berlin 205, rptd info Frankfort 737, Dept 609, Paris 170, EuCom 31, London 164, Moscow 20.[2] Commandants met 16 Mar in executive session to consider Sov Commandant's reply of 15 Mar to Br ltr of 13 Mar concerning Sov interference inter-zonal waterways and Allied counter-measures.[3]

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[1] Repeated to Washington, Moscow, London, Heidelberg, Paris for Jessup and to Bonn for Hays and Slater. The source text is the copy in the Department of State files.

[2] Not printed; it transmitted as follows the text of Bourne's reply of March 7 to Dengin's letter of the same day (see footnote 4, *supra*):

"In your letter of 7 March you raised question of stopping of barges proceeding through Spandau, Charlottenburg and Ploetzensee Locks. In view of certain difficulties which have arisen from application of administrative measures in areas under Soviet and British control to traffic by water to and from Berlin, I should be glad to know if you would be willing to join in early discussions of these problems which affect our mutual interests. My American and French colleagues associate themselves with this enquiry." (962A.53/3-1251)

[3] Not printed.

Text of Dengin ltr follows:

"I acknowledge the receipt of your ltr dtd 13 Mar 1951.

The Sov representatives are prepared to meet appropriate Brit officials to discuss the question of navigation on inland waterways within the framework of New York agreement of May 1949.[4] At the same time, it is expected that prior to the mtg the Brit authorities will restore the conditions for navigation, on Berlin waterways, which existed on 1 March 1948."

Commandants agreed proposed reply substantially as follows:

"I acknowledge receipt of your ltr dated 15 March 1951. I am glad that you agree that our representatives shld meet to discuss the question of navigation on inland waterways within the framework of the New York agreement of May 1949.

As for your suggestion that the Brit authorities shld restore the conditions for navigation of Berlin waterways which existed on 1 March 1948, I wld remind you that it is the whole system of waterways between Berlin and the zones of occupation which are covered by the New York/Paris agreements of 1949. Accordingly, I feel bound to draw your attention again to the following navigational restrictions placed by the Sov authorities upon barge traffic between Berlin and Western Germany since 1 March 1948.

(*a*) Interzonal permits to navigate and crew lists have been repeatedly held up by your transport officials for two months or more before being countersigned and returned to us. Thus, since the end of last year, on an average some 170 vessels have been prevented from taking part in inter-zonal navigation owing to lack of countersigned documents.

(*b*) Documents valid at 1 March 1948 were valid until a date (31 Dec 1949) selected by the Brit authorities. Since the resumption of navigation in 1949, your Transport and Communications Division has unilaterally selected dates of expiry for these documents, which have been notified to us only at short notice and have normally covered only a very short period of validity. Recently, when the validity of these documents expired at the end of Jan 1951, we were not advised until the middle of Feb to what date they wld then be extended and this advice when received was that validity wld extend only until the end of Feb. The continued uncertainty as to the future validity of documents is in itself a restriction.

(*c*) Before the 1 March 1948, alterations in crews were authorized unilaterally by the Allied authority of the zone of origin of the vessel concerned. Since the resumption of inter-zonal navigation in 1949, your Transport Division has insisted upon new crew lists being prepared to validate any alteration in personnel and has further insisted upon countersigning these new lists. Apart from the restriction upon navigation caused by delay in returning these lists, such a procedure, even if handled ex-

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[4] For the text of the New York agreement of May 5, 1949, see the editorial note in *Foreign Relations*, 1949, vol. III, p. 750.

> peditiously, must necessarily result in the exclusion from interzonal navigation, for a fortnight or more, of any vessel, in the crew of which there is any change. Since some crew lists have been presented to your Transport Division over the last 15 months, the interference with navigation is clearly serious.
>
> (*d*) Before the 1 March 1948, personal contacts between our transport representatives were frequent and took place without question on the request of either side. For the past year or more, the repeated efforts of my transport officials to meet and discuss mutual problems with yours have been unavailing.

Provided that you restore the conditions which obtained at 1 March 1948, i.e., when the outstanding documents have been countersigned and returned, their validity and the validity of all other documents have been extended until 31 December '51, and when the practice of unilateral amendment of crew lists is restored, then I shall be prepared to authorize the removal of the controls at present in force at the locks in the Brit sector of Berlin.

Such perliminary action on your part and on mine wld I hope produce an atmosphere in which useful discussions cld take place on a settlement of the whole problem of navigation on inland waterways in the spirit of the Paris agreement, according to which, taking the conditions prevailing on 1 March 1948 as a starting point, the movement of traffic to and from Berlin was to be facilitated. I hope you will agree that we shld take action simultaneously at a time and at a date to be agreed between us. I suggest noon Wednesday, March 21. Talks between our representatives cld then, I suggest, take place at Lancaster House at 11 a. m. on Thursday, March 22.

Alternatively, I am prepared to stand by my letter of 13 March and to authorize my representatives to hold discussions on the whole problem without any previous action being taken."

Commandants agreed Brit commandant will submit proposed reply with possible minor drafting changes to Brit High Commissioner requesting authorization from HICOM Council to transmit this reply to Dengin.[5]

JONES

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[5] On March 19 the U.S. Commandant for Berlin, Mathewson, reported that the text of the letter had been approved by the High Commissioners. Dengin replied to the letter as follows on March 20:

> "I confirm receipt of your letter of 18 March 1951. Taking into consideration that the British authorities are willing to withdraw by 12 o'clock on 21 March all the restrictions introduced, despite the New York agreement of May 1, 1949, at the locks of the British sector in Berlin, and to restore the position existing on 1 March, 1948, the Soviet Control authorities on their part are willing to meet the British wish in regard to the unilateral issue of crew lists and the extension of the validity of documents for interzonal navigation up to 31 December, 1951.
>
> I assume that the said agreement between us must be officially confirmed at the meeting of the Soviet and British representatives at 11 o'clock on 22 March, 1951 at the place suggested by you."

The release of the barges by both sides was begun on the morning of March 22, and at the meeting between the British and Soviet officials minutes embodying the substance of the exchange of letters were agreed. Berlin reported on these events in telegrams 1173, 1176, 1180 and 1186, March 19, 20, 22, and 23 (940.5301/3-1951 through 3-2351).

940.5301/3-2951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BONN, March 29, 1951—11 p. m.

678. AGSec from Slater. Fol is summary report of exec session HICOM council held Bonn Petersberg 29 March with Poncet Fr chairman, Kirkpatrick UK and McCloy US.

I. *Ltr to Dengin regarding barge agrmt* (ref Berlin sent Frankfort 1337 Dept 1186 Paris 263 EuCom Heidelberg 76 of 23 March[2]; Frankfort sent Berlin 560, rptd Dept 7708 EuCom Heidelberg 587 of 27 March[3] and Berlin sent Bonn niact 320 rptd Frankfort 1356 of 28 March[4]).

After considerable discussion, I reluctantly agreed to fol UK–Fr draft ltr to Dengin: "I learned with pleasure that our transportation experts had come to preliminary agrmt at Lancaster House March 22 which has enabled flow of barge traffic to be resumed. I approve this agrmt and detailed minutes thereof on understanding it is subordinate to two wider premises:

> (1) Unhindered and normal movement of traffic to and from Berlin as contemplated in New York and Paris agrmts of 1949;
>
> (2) My duty as secretary to [*My duty as sector*] commandant to insure at any and all times the maintenance of law and order in Br sector".

However, my agrmt to above text was based on understanding that phrase "maintenance of law and order" in (2) above was to be interpreted by Br and Fr as including prevention of illegal trade. HICOM minutes will record this understanding and we agreed to notify Berlin commandants of this interpretation. I argued that Western allies must insure that they retain power and means of preventing illegal trade as this has always been pretext employed in counter measure program and that results cld not have been achieved otherwise.

I took occasion to express my concern that US was faced with *fait accompli* and not consulted regarding preliminary minutes between UK and Soviets.

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[1] Repeated to Berlin, Frankfurt, London, Paris, and Heidelberg.

[2] Not printed, but see footnote 5, *supra*.

[3] Not printed; it transmitted the following text of a draft letter to Dengin:

"I learned with pleasure that our transportation experts had come to a preliminary agreement at Lancaster House March 22 which had enabled flow of barge traffic to be resumed. I am prepared to approve this agreement and detailed minutes thereof subject to your confirmation that this local agreement is subordinate to 2 wider premises: (1) Maintenance of unhindered flow of traffic to and from Berlin. (2) My duty as British sector commandant to ensure at any and all times enforcement of measures necessary to maintain law and order, including prevention of illegal trade." (940.5301/3-2751)

[4] Not found in Department of State files. Apparently the telegram under reference was not repeated to Washington.

2. *Firing upon US bus by Volkspolizei.* (ref USCOB Berlin sent CG EuCom Heidelberg, rptd Bonn and Secretary State of 28 March [5]).

Brief council discussion this subject no longer significant in view detailed explanation and *aide-mémoire* to Dengin contained in Berlin sent Frankfort 1362, rptd Dept 1207 [6] and results of 1400 hours mtg between Mathewson and Dengin at which *aide-mémoire* was transmitted reported Berlin sent Frankfort 1363 and Dept 1208 this date.[7]

3. *Stockpiling coal Berlin.*

In view of our concern Berlin coal stockpiling position, we agreed Kirkpatrick, as chairman, wld send ltr to western commandants requesting them to forward to Council concrete proposals for improving Berlin coal position. Council also agreed to discuss matter with Adenauer 2 April. [Slater.]

McCloy

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[5] Not printed; it reported that five Berlin military post buses had been fired on by the Volkspolizei in Potsdamer Platz at the intersection of the Soviet and British zones while on a regular recreational tour of Berlin. (762A.00/3-2851)

[6] Not printed; the *aide-mémoire* reviewed the circumstances of the incident, protested "in the strongest possible terms against the irresponsible and outrageous action of the Volkspolizei", and demanded immediate Soviet action to punish those responsible and prevent any further repetition. (662A.62B/3-2751)

[7] Not printed; at the meeting Dengin had "deplored shooting but sought to excuse action of Volkspolizei with charges that buses had interfered with efforts of Volkspolizei to maintain law and order and had deliberately knocked down two policemen." (662A.62B/3-2951)

462A.62B9/6-1051: Telegram

The Acting Director of the Berlin Element of HICOG (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET PRIORITY Berlin, June 10, 1951—2 p. m.

1666. For ECA. Reftel Berlin 706 rptd Department 9960 London 885 Paris 1014 Moscow 121.[2] Three Western Allied Commandants met with Reuter and economic senator Eich this morning at Reuter's request to discuss Soviet restrictions Berlin–West shipments. M. de Noblet, French acting chairman, read to Reuter Council decisions reported reftel. He also asked Reuter what steps had been taken by city to stop certification origin raw materials as requested by Commandants.

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[1] Repeated to Washington, Bonn, Paris, London, and Moscow. The source text is the copy in the Department of State files.

[2] Not printed. In the middle of May the Soviet authorities had begun to refuse to stamp *Warenbegleitscheine* (interzonal trade permits), causing trade between West Berlin and the Federal Republic almost to cease. The telegram under reference reported on a special session of the Council of the Allied High Commission on June 8 at which countermeasures against this Soviet interference were considered. At the meeting François-Poncet "expressed fear new blockade might develop" if countermeasures were imposed "and underlined French desire to delay full scale western allied counter-measures." Kirkpatrick disagreed with the French view stating "that if a blockade were developing, all more reason to take vigorous counter-measure action." The Council agreed to instruct Reuter to stop supplying certificates of origin for goods despatched from the Western sectors of Berlin, requested the Berlin Commandants to prepare a letter of protest to Dengin for Council approval, and instructed the Commandants to stop all shipments from the Western sectors of Berlin to the Soviet Zone if the situation had not improved by June 12. (462B.62A9/6-851)

Reuter replied that trade was moving satisfactorily, that 60% of our shipments were on *Warenbegleitscheine* only and 40% on *Warenbegleitscheine* plus certificate of origin. Soviets were requiring certificates mainly on non-ferrous products and sugar products. He accepted Council decision reluctantly indicating that in his opinion time was not ripe, that it would be better to muddle along five or six months longer until Berlin was in stronger position.

Present time was psychologically bad because confidence of West in Berlin's relative normalcy just beginning to be restored would receive shock. In short, was this the time to rock the boat if arrangements could in fact be made to keep trade flowing.

Commandants pointed out Berlin's whole position perilled if Allies accepted clear cut violation of New York and Paris agreements and that principle of those agreements must be maintained.

It was agreed Reuter would tomorrow (June 11) give his staff instructions to submit no further certificates of origin to Soviets with *Warenbegleitscheine*, Soviets to be informed this was being done on instructions of the three Western Allied Commandants. Individual letters of protest from Commandants to Dengin would also be sent tomorrow as soon as French obtained clearance. Also agreed no publicity would be given to letter at least until Dengin provided opportunity to reply. However, background information would be supplied correspondents Tuesday.

Commandants in private discussion after Reuter departure agreed date of Tuesday June 12 for initiation counter measures too early in view fact Dengin would not receive letter until late Monday and it was further suggested that strongly recommended counter measures be imposed simultaneously in Berlin and in West.[3]

JONES

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[3] On June 13 the Department of State approved the courses of action outlined in this telegram, and while stating its feeling that countermeasures were essential, left the time of application to the discretion of HICOG. (Telegram 8467 to Frankfurt, June 13, 462A.62B9/6-1351)

460.509/6–1351 : Telegram

The United States Commandant for Berlin (Mathewson) to the Office of the United States High Commissioner for Germany, at Bonn[1]

SECRET NIACT BERLIN, June 13, 1951—5 p. m.

387. From USCOB. Personal for Hays.

1. Commandants held special mtg this morning to draft report to High Commission on situation arising from Sov requirement re certification of origin for goods shipments from West Berlin and our instructions to city govt not to comply with it. Report readily agreed except for recommendations to HICOM re action to be taken. Brit and I maintained that serious implications of situation required us to recommend imposition countermeasures, simultaneously in Berlin and FedRep, by Friday June 15 at latest unless favorable reply recd from Dengin meanwhile.[2] French was at best lukewarm re countermeasures but was willing to go along provided recommendation of any date omitted. He claimed he had no authority make any such recommendation and in any case he thought it best go slow to see how situation developed and give Dengin time to reply. After lengthy and difficult debate, French reluctantly yielded to Brit and my insistence that commandants submit partially disagreed report. (Berlin's 386 rptd Frankfort 1687, Dept 1497[3]).

2. I based my position on following.

(*a*) As stated in commandant's report, 75 percent of West Berlin's normal outbound shipments expected be halted within a week.

(*b*) I see little or no chance of favorable Sov reaction to our protest until pressure applied by countermeasures.

(*c*) If countermeasures delayed, Dengin may well send negative reply meanwhile which he wld not subsequently be able to reverse even under pressure of retaliation.

(*d*) Our whole strategy in this business has been (1) to prevent Germans from complying with new requirement (2) to lodge protest with Dengin and (3) to follow up with countermeasures aimed at forcing him to yield. Having carried through with (1) and (2) it seems to me essential to implement (3) immed or find ourselves in a worse position than when we started. Only a show of strength can win US victory, and show of weakness or delay can have disastrous results to entire Berlin economy which we have spent so much money and effort to build up.

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[1] Repeated to Washington and Frankfurt. The source text is the copy in the Department of State files.

[2] On June 11 the Berlin Commandants had delivered identic letters to Dengin, protesting the Soviet requirement of certificates of origin on goods being shipped from the Western sectors of Berlin, and denying that anyone other than the Commandants had the legal right to pass judgment on the documentation and movement of goods from their respective sectors. The text of the letter was transmitted in telegram 1474 from Berlin, June 8 (460.509/6–851).

[3] Not printed; it transmitted the text of BK/AHC(51)45, dated June 13, the report of the Berlin Commandants on the implementation of the High Commissioners instructions of June 8. (460.509/6–1351)

3. I therefore hope that, with strong Brit support which seems likely, you can obtain HICOM's agreement tomorrow to impose countermeasures simultaneously in West Berlin and FedRep by noon Friday June 15. We recommend first step of countermeasures consist of stopping shipments to East Zone and East Berlin of all goods on quadripartitely agreed ACA restricted list.

4. I realize difficulty in obtaining French concurrence in such action prior to elections June 17.[4] In view urgency of situation however might it not be possible even over French objections to carry through measures, insofar as regards FedRep, in at least US and Brit Zones since they are ones more immed affected as adjacent to Sov Zone?

5. I cannot state too strongly seriousness with which I view situation and firmness I believe essential to turn it to our advantage.

MATHEWSON

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[4] For documentation on the French national elections, June 17, see volume IV.

460.509/6–1551 : Telegram

The Acting Director of the Berlin Element of HICOG (Jones) to the Liaison and Political Reporting Division, at Bonn [1]

SECRET BERLIN, June 15, 1951—7 p. m.

388. Bonn's 946 to Dept rptd Frankfort 1200, Berlin 250, Paris 320, London 277, Moscow 27.[2] Commandants met today in accordance AHC instructions. French exerted every effort to prevent or delay despatch further letters to Dengin, as instructed para *b* of reftel, on grounds info recd today that East Germans apparently anxious get interzonal trade agreement signed and that arrangement might be made shortly whereby they wld agree that West Ger signature be made conditional on withdrawal of requirement re certification of origin. French argued this offered such good possibility of solution of problem that we shld not prejudice chances by writing Dengin as instructed. Brit and US pointed out that Germans had been trying unsuccessfully since May 31 to work out some arrangement and that, although today's info interesting, it cld hardly be considered conclusive; furthermore, new letters to Dengin in fact supplemented Ger-

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[1] Repeated to Frankfurt, Washington, London, Paris and Moscow. The source text is the copy in the Department of State files.

[2] Not printed; it transmitted the text of AGSEC(51)1006, dated June 14, which stated (*a*) that it was necessary to indicate clearly Soviet responsibility for any reprisals before countermeasures were taken, (*b*) that the Commandants should transmit a further letter to Dengin, (*c*) that Reuter should be informed about the letter, (*d*) that the Commandants were given discretion in their respective sectors to take administrative measures which would demonstrate to the Soviets that the Allies were serious, and (*e*) that each High Commissioner would consult with his Government concerning possible countermeasures. (462A.62B31/6–1451)

man efforts rather than closed door to possibility of agreement on that level.

After long and arduous discussion, French finally agreed to despatch of letters and they are being sent this evening.[3] Chairman commandant will inform Reuter on para *c* of reftel. Re para *c*, commandants will meet tomorrow morning to consider proposals worked out by econ comite today.

Brit and US agreed to inform press along fol lines (Fr said his position did not permit of any statement to press):

"In reply to inquiries, a HICOG spokesman said that Gen Mathewson had sent today a further letter to Mr. Dengin on subject recent restrictions on movement of goods from Berlin. It is not at present contemplated to publish text this letter pending consideration by Dengin."

JONES

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[3] The text of the letter, which suggested quadripartite talks on the technical level for the establishment of measures to prevent smuggling from Berlin, was transmitted in telegram 945 from Bonn, June 14 (460.509/6-1451).

462A.62B31/6-1651: Telegram

The Acting United States High Commissioner for Germany (Hays) to the United States Commandant for Berlin (Mathewson)[1]

SECRET NIACT BONN, June 16, 1951—9 p. m.

248. For Mathewson. This is AGSec(51)1023.

1. Fol are instrs sent to Berlin commandants by the chairman of Council of Allied High Commission.

a. I append communication which Council of AHC wishes you to hand to Ger authorities of West Berlin.

b. The AHC has been informed by Herr Westrick that East authorities have, of their own accord, resumed stamping of *Warenbegleitscheine* without requiring certificate of origin. In return, they request that interzonal trade agreement be signed within the next two days. Without accepting this condition, AHC in order to facilitate negotiations will give Fed Govt, as soon as possible, its final instructions on content of this agreement.

c. It shld be understood that continuation of negots will depend on the resumption and continuation of stamping of *Warenbegleitscheine* without requiring certificates of origin, and that signature of trade agreement will depend on engagement by East authorities not to require such certificates.

d. I wish to emphasize that present communication does not in any way annul proposal which you have made to Dengin in your letter dated 15 June.[2]

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[1] Repeated to Washington, Frankfurt, and Paris. The source text is the copy in the Department of State files.

[2] Not printed, but see footnote 3, *supra*.

Text of communication to hand to Ger authorities of West sectors:

AHC agrees to the assumption of negots for a new interzonal trade agreement, on condition that there is re-established, at the latest at the time of this resumption, the former state of affairs, in which no certificate of origin or other document be produced to obtain the stamping of *Warenbegleitscheine* accompanying materials and products delivered to the West by the West sectors.

You shld ensure that the German and Sov authorities of the East Zone are fully in agreement with this procedure.

In any case, the Berlin Senate shld see to it that the previous errors in procedure are not rptd, and that *Warenbegleitscheine* submitted to the Sov authorities are without certification. Signed G. P. Glain.[3]

Hays

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[3] On June 17 the Department of State endorsed the resumption of interzonal trade negotiations but expressed its belief that the recent developments should not alter the Western conditions and requirements regarding the trade agreement. (Telegram 8596 to Frankfurt 662A.62B31/6-1751)

462A.62B31/6-2051: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY WASHINGTON, June 20, 1951—8 p. m.

8697. Dept has review rec msgs re IZT as well as Kiefer–Miller memo Jun 9.[2] We appreciate capable handling of problem and concur recommendations contained last para Berlin 1514.[3]

A. *Present Status Sov Restrictions.*

Dept assumes that Sovs are in fact abandoning recently imposed certificate of origin requirements. If this later proves false, and more than very minor token quantities *Warenbegleitscheinen* held or returned for certificates of origin, believe you shld seek tripartite agreement to terminate IZT negots immed and to institute simultaneous selective embargo promptly at least in W. Berlin and as soon as possible in FedRep, accompanied by public statements indicating retaliatory purpose.

Moreover, Dept suggests discussions of experts re certificates of origin be delayed until you are satisfied Sov restrictions in fact lifted.

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[1] This telegram, drafted by Lind, Rogers, Montenegro, and Wyman, and cleared by EDS and RA, was repeated to Bonn, Berlin, London, Paris, and Moscow.

[2] Not found in Department of State files.

[3] Not printed; the last paragraph reads:

"Taking all possibilities into account, we shld (*a*) go easy on approval Interzonal Trade Agreement in case it is perhaps too favorable, on balance, to East and/or contains some catch as yet undiscerned; (*b*) maintain our readiness to impose counter measures in both Berlin and Fed Rep if situation fails develop to our advantage; and (*c*) above all not show ourselves over-eager in reaching settlement merely for reasons expediency." (460.509/6-1951)

B. *Guidance for IZT discussions.*

If negots are continued, you shld seek achieve fol objectives in agreement (Dept recognizes HICOG prob already working with these objectives in mind; in absence details negots, we have stated these objectives as fully as possible.)

1. Control over export of strategic and short-supply goods.[4] FedRep shld of course fully implement letter and spirit of COCOM policies and agreements, and shld avoid any commitments which might be embarrassing shld COCOM or international controls be extended in future. This means that exports of List II goods must be reduced to absolute minimum. Western countries in general must have first priority for any commodities required for defense purposes.

It shld be brought to attn FedRep that the fewer strategic items included in agreement, the less danger in next few months of serious trade disruptions or other consequences Kem Amendment implementation. Exceptions of NSC under Amendment must be reviewed every 90 days by NSC. Dept seeking basis for best possible case to support continued exceptions for FedRep and can do this only if all possible efforts are made in negots by FedRep at this time.

2. Most Advantageous Economic Exchange. Dept is not convinced that past commodity exchanges in IZT have in balance worked to net economic advantage of FedRep and West Berlin. Dept will not be able permit HICOG approve IZT agreement which does not clearly provide economic benefits to FedRep and West Berlin at least as great as benefits accruing Sov Zone. No weakening our position this point shld be considered merely to conclude early agreement.

Although Dept does not have sufficient detailed info on proposed exchanges to reach definite conclusions, our impression is that commodity lists contained Kiefer–Miller Jun 9 memo prob do not provide sufficient benefit to West. Primary objection is that non-essential goods constitute too large a percentage of imports to balance exports of extremely essential and prob strategic nature. Also probable that considerable quantity such non-essential imports available elsewhere in Western World. Pls note fol examples:

> *a.* Proposed imports of machinery and vehicles, 32 million clearing units and proposed exports of steel, steel products, machinery and rubber of over 200 million. Such exports appear precisely those most "sensitive" in strategic considerations. Can they be fully balanced by imports from Sov Zone of goods of equal essentiality (not necessarily machinery)?
>
> You shld seek imports in machinery category of high proportion of essential machinery unavailable elsewhere, and in types complementary to those made in FedRep. Such purchases might be designed to obtain goods which Sov areas can spare with difficulty.
>
> *b.* Agric imports, 93.5 million clearing units.
>
> We note that 1950 imports included wine, tobacco and other nonessential goods, which obligated FedRep to deliver goods of

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[4] For documentation on the policy of the United States with respect to the export of strategic and short-supply goods, see vol. I, pp. 993 ff.

equivalent value, typically demanded by Sov Zone largely in strategic categories. We recognize that agric imports, particularly to Berlin, must include certain non-essentials. We urge, however, that as large a percentage as possible be made up of truly essential items such as breadgrains, sugar, fats, etc. Urge also that consideration be given to seeking alternative Western sources for certain goods. Import into Germany of even token quantities of tobacco, for example, from the Sov Zone undesirable in view availability U.S. and other tobacco.

c. Glass and ceramics imports, 19 million.

Unless this item includes essentials, FedRep shld propose supply of approx equal value of non-essentials to balance.

d. What is included under misc imports, 45.5 million?

e. Dept pleased over proposal to deliver textiles to value of 25 million and receive textiles valued at 10 million.

3. Guaranteed participation for Berlin in IZT. Dept views deliveries from West Germany to Sov Zone as lever to guarantee continued deliveries essential commodities to Berlin from Sov Zone and sufficient participation Berlin firms in shipments to Sov Zone. We have noted that FedRep recently opposed specific listing of Berlin commodity breakdown in trade agreement. Whether commodities are listed specifically or not, HICOG shld endeavor make West Zone and Berlin deliveries to Sov Zone contingent upon participation West Berlin in IZT, with adequate means of measuring extent of participation at any time. Dept views this as surest method of obtaining economic benefits of IZT for Berlin.

4. Misc points

a. Continuing review of commodity exchange. We consider it extremely necessary that West Germans and HICOM be able at any time evaluate broad balance of Western receipts of essential goods against deliveries. This cld perhaps be accomplished through separate clearing accounts for commodity groupings of varying essentiality as well as by a continuing review of total commodity exchanges in each grouping. We have not been able to date satisfactorily to evaluate where West has stood in this exchange and consider it necessary that we be able to do so.

b. Escape clause for retaliatory measures. It is important that agreement be so worded that (1) retaliatory measures against Sovs or East German interference with Berlin or other harassing tactics and (2) cessation of certain Western deliveries in event of Sov Zone short-fall in deliveries of particular commodities not precluded.

c. Proper licensing and credit procedures. It is necessary that proper licensing and credit procedures be established, to insure that all transactions between the two areas be recorded in the clearing accounts and that licensing controls permit timely regulatory action against excessive fluctuation in these accounts, as outlined in AGSEC(50)874/FOREX.[5] Proper licensing procedures might also prevent undue accrual illegal DM balances in FedRep by Sov Zone.

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[5] Not found in Department of State files.

C. *Recommended Procedure.*

In view of problems presented by Kem Amendment, you shld cable summary of IZT agreement drafts for Dept's consideration prior HICOM consideration. If feasible, section summaries may be cabled separately as each reaches firm stage. Request you also cable summary or pouch detailed commodity breakdown of exchanges, even though these will not appear in final agreement.

We recognize this procedure may necessarily delay final approval agreement, but will do everything possible to expedite.

D. Gerhardt concurs.

E. Last message recd this subj prior completion this cable is Berlin's 1514.[6]

ACHESON

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[6] In a telegram received at 9:08 a. m. June 21 in the Bureau of German Affairs, Hays reported that since the *Warenbegleitscheine* were again being stamped without certificates of origin, the negotiations for a new interzonal trade agreement had been resumed. The High Commission had instructed the head of the West German delegation along the following lines: (1) the new agreement could be initialed but not signed until new interzonal trade ordinances were in effect providing the Federal Republic with control of practically all commodity movements, (2) some clause or exchange of letters must be obtained providing for free access to Berlin, (3) improvement in freight traffic with Berlin would be dealt with, (4) commodity agreement must not exceed 450 million units in each direction, (5) total swing in accounts must not exceed 30 million, and (6) two hard accounts for chemicals and machinery would be set up to facilitate controls. (Telegram 10311 from Frankfurt, June 20 462A.62B31/6-2051)

462A.62B31/7-351 : Telegram

The Director of the Berlin Element of HICOG (Page) to the Liaison and Political Reporting Division, at Bonn[1]

SECRET PRIORITY BERLIN, July 3, 1951—6 p. m.

2. Verbatim text.

1. Commandants met 2 July, Genl. Bourne (UK) chairman, Genl. Mathewson (US) and M. de Noblet (Fr) to consider latest developments concerning *Warenbegleitscheine* situation and IZT negots. Bourne viewed sitn as critical and proposed that commandants recommended HICOM immed imposition simultaneous countermeasures Berlin and West Germany. De Noblet stated he authorized only to exchange info and that he had explicit instrs not to agree to any action or recommendations.

2. Bourne discounted significance of fact that 1520 *Warenbegleitscheine* delivered to Senate that morning. In light previous Sov failure to clear more than 4 *Warenbegleitscheine* since commandants wrote

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[1] Repeated to Washington, London, Frankfurt, Paris and Moscow. The source text is the copy in the Department of State files.

to Dengin on 26 June[2] and unpredictability of future deliveries of *Warenbegleitscheine*, he stressed that Sov had initiative and were playing Western Allies on end of a string. As indicative West Berliners discouragement over position of west commandants vis-à-vis Sov, Bourne mentioned Mayor Reuter's question to him on Sunday as to whether Western allies were behind the West Berliners or in front of them in this matter. Bourne concluded that imposition retaliatory measures this week was already somewhat late but better than next week.

3. Mathewson took firm stand in support Brit position, pointing out basic absurdity of present sitn of commandants in which they are attempting to gauge their action based upon "rumor" info coming daily and hourly from German sources. De Noblet, on other hand, counseled temporizing on theory that no steps shld be taken which wld forestall possibility of Sovs coming to mtg with Western experts on 5 July. He also argued that return of 1520 *Warenbegleitscheine* was "evidence of Sov good will". De Noblet wld accept neither conclusion that commandants were being played with nor recommendations for countermeasures.

4. Commandants finally agreed to meet 3 July on the understanding that Genl Carolet wld attend and be prepared to consider recommendations to HICOM, meanwhile sending Brit draft on tactual [*tactical?*] sitn.

(Largely contained ourtel to Frankfort 1772 rptd Bonn 417, Dept 1571 Paris 342, London 158; Moscow 176[3]).

5. Late in mtg Leopold arrived and reported on talks which Kaumann and he had with Orlopp that afternoon. In all there were three points raised in Kaumann–Orlopp talks 2 July as follows:

a. Warenbegleitscheine. Orlopp announced that in addition to 1520 *Warenbegleitscheine* delivered today, 1641 wld be delivered tomorrow.

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[2] Transmitted in telegram 1550 from Berlin, June 26 (460.509/6–2651), this letter reads:

"In my letter to you of June 15, I said that, while maintaining my rights as sector commandant regarding documentation and movement of goods from US sector of Berlin, I believed it to be in our mutual interest to prevent illegal trade in both directions. I proposed that discussion to this end might be undertaken by our experts. I was happy to note, in your letter of June 18, that you concurred with this proposal.

I therefore suggest that our experts meet on Thursday, July 5 at 10:30 a. m. in Lancaster House to discuss what measures wld best achieve our common purpose of preventing illegal trade and, at the same time, of ensuring the normal flow of legal trade. I trust that by this date the investigation you referred to in the last paragraph of your letter of June 18 will have been concluded, and that the accumulation of *Warenbegleitscheine* awaiting stamping at Karlshorst (now some 6,000) will have been cleared up."

[3] Not printed; it reported that the best strategy seemed to be to refrain from further action over the weekend of June 30–July 1 to give the Soviets an opportunity to retreat from their position, but if the situation had not been clarified satisfactorily by July 2, countermeasures should be imposed in Berlin and the Federal Republic. (462A.62B31/6–3051)

He computed that since 12 June, 9,000 *Warenbegleitscheine* have been delivered and that the sitn as before 11 May had now been restored. This, Orlopp explained, meant that proof of origin wld be required in three percent of all *Warenbegleitscheine* now on hand and those submitted hereafter, as, he claimed, they had been required since 1948 on this percentage. He further made clear that this requirement wld not apply solely to certain types of goods (as fol example, the list notified to the Senate on Saturday 30 June by the East Transitstelle) but wld be applied on all types of goods on ACA restricted list. Impression was given that "spot check" method wld be employed.

In view this explanation by Orlopp, Leopold desired instrs from Commandants as reps of HICOM whether he and Kaumann could resume talks with Orlopp, scheduled for 7 o'clock that same evening.

b. Press communiqué. Kaumann informed Orlopp that negots cld not be continued unless it was agreed that all threats (such as threat by Rau to cut off electric power and coal supplied West Berlin by East Zone auths) be withdrawn at 2400 hours that night. Orlopp agreed to this proposal and suggested joint press communiqué be released that night as follows.

> "Both parties continued today negots for purpose of concluding new trade agreement. Obstacles in principle to conclusion of new agreement no longer exist. It will merely require few more days to secure technical implementation of new agreement. To avoid any disruption internal Ger trade there will be no interruption of movement of goods up to time when agreement is reached. Parties to agreement agreed that agreement can be signed without further delay."

c. Traffic agreement. Kaumann pointed out to Orlopp that proposed press communiqué not entirely correct since conclusion satisfactory traffic agreement still remains obstacle in principle. After Orlopp referred to his recent counterproposals on this subject, Kaumann informed Orlopp along lines of instrs recd from Bonn 29 June and deputy commandants 30 June that traffic clauses re movements to and from Berlin cld not be included in IZT agreement and wld be discussed at Allied level, except for technical traffic questions. Kaumann further informed Orlopp as instructed by HICOM that in event interference with such movements trade agreement wld be deprived of effect. Leopold reported that Orlopp than laughed and replied that this last condition was unacceptable since the trade agreement cld be renounced any minute under such circumstances.

Orlopp then proposed that Kaumann write him letter and submitted proposed draft of such letter as follows.

"Dear Herr Orlopp, Referring to many negots which I carried on with you, I may, at time of signing agreement of . . . state that we both agree permit traffic between separate parts of the currency areas to proceed unhindered across demarcation lines. As matter of principle trade agreement shld be sought which wld recognize econ development since 1945 of territories concerned. It is intended to appoint joint traffic delegation for this purpose. Please acknowledge receipt of this letter".

6. Commandants agreed that Kaumann and Leopold shld resume talks with Orlopp that evening and instructed Leopold as follows:

a. Warenbegleitscheine. Leopold and Kaumann are to inform Orlopp that, while talks may continue, the trade agreement will not be signed until all *Warenbegleitscheine* are acceptable without certificates of origin and that position of the Western Allies on this point remains unchanged.

b. Press communiqué. Kaumann and Leopold are not to agree to press release beyond statement that talks are continuing.

c. Traffic agreement. Kaumann and Leopold are not to agree to sending any such letter to Orlopp as drafted and proposed by Orlopp.

7. Commandants with Genl. Carolet present for Fr met again this morning and agreed fol communication to HICOM.

Commandants met this morning to discuss present sitn. They reaffirmed their previous decision that in no case shld Berlin auths accede to East request for submission of certificates of origin.

Although no reply had been received from Dengin they discussed what action shld be taken if Sov auths declared themselves willing to come to quadripartite talks. They came to conclusion that they shld not agree to enter into talks with Sovs until they were satisfied that condition set out in last sentence of their letters to Dengin of 15 June[4] had been met.

In view of statement reported to US by Leopold to have been made by Orlopp that Sov auths wld retain some three percent of *Warenbegleitscheine* submitted pending receipt of certificates of origin commandants' opinion was that if all *Warenbegleitscheine* submitted up to and including 26 June had been returned that wld be acceptable indication of Sov compliance with condition.

They wld not propose to write further letter to Dengin but if his delegation came to mtg without foregoing condition being met Western delegations wld explain that they were in the circumstances unable to proceed to discussion.

Commandants ask for immed views of HICOM on line proposed in above paras.

The fol is agenda which we intend to adopt if quadripartite talks take place: Our experts will confine discussions to matters contained thereon and will not discuss trade agreement or any aspect of interzonal trade.

1. Control of trade.
   a. Illegal trade.
      i. Exchange of info and mutual assistance.
      ii. Study of enforcement machinery.
   b. Legal trade-shipment of goods from Berlin.
      i. Not on ACA restricted list.
      ii. On ACA restricted list.

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[4] Not printed, but see footnote 3, p. 1840.

2. Confiscation of goods fines imposed and merchandise otherwise interfered with during passage through Sov Zone.

3. Mail shipments."

8. Kaumann informed Berlin Element this afternoon that in accordance instrs FedRep Econ Ministry all shipments goods from West Germany and Berlin to East sector zone have been embargoed. We also recd info from Senate that 1641 *Warenbegleitscheine* delivered today as promised by Orlopp. These *Warenbegleitscheine* cover textiles, electrical and rubber goods, machinery and food products.

9. In view urgency wld appreciate interim action by HICOM within 24 hours to anticipate possible talks Thursday.

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462B.62A9/7-951 : Telegram

The Director of the Berlin Element of HICOG (Page) to the Liaison and Political Reporting Division, at Bonn[1]

SECRET BERLIN, July 9, 1951—midnight.

11. For Hays and Slater.

1. Quadripartite experts were in session seven hours today but dealt only with questions of agreeing minutes first mtg and *Warenbegleitscheine* problem.[2] After long haggling reminiscent Allied control authority sessions, minutes were left unagreed. Discussion clarified Sov position on *Warenbegleitscheine* and that Sovs insist on certificates origin requirement. Sov rep wld not concede that as result these talks Sovs will relent on this issue. Sov rep invited other experts to further mtg Karlshorst 17 July. Fr and US experts however made no commitment pending instructions their commandants. Brit expert agreed to meet provided Sovs clear *Warenbegleitscheine*. Sovs admit they now are holding awaiting submission certificates origin. Mtg today characterized by firm stand West experts on *Warenbegleitscheine* issue except in context Allied proposals to suppress illegal trade (verbatim transcript being airpouched[3]).

2. Re minutes, we proposed amendments to reflect Dept's views that discussions concerned only Berlin trade (Deptel 137 to Frankfort

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[1] Repeated to Washington, Frankfurt, London, Paris and Moscow. The source text is the copy in the Department of State files.

[2] The quadripartite experts had held their first meeting on July 2 at Lancaster House as scheduled. The Soviet delegation stated that it was prepared to discuss only illegal trade, and after agreeing to postpone discussion of *Warenbegleitscheine* until the next meeting, the following minute was agreed *ad referendum*:

"Illegal trade. Agreed that illegal trade should be reduced to minimum. Legal trade. Agreed that legal trade should be increased to maximum. Measures [to] reduce illegal trade and increase legal trade. Agreed that each del shld consider how minutes cld be best achieved."

Berlin reported on the meeting in telegram 14, July 5 (462A.62B31/7-551).

[3] Despatch 20 from Berlin, July 10, not printed (462B.62A9/7-1051).

rptd Berlin 8 Bonn 15 Paris 152 London 148 Moscow 20 [4]) and were met by Sov amendments (*a*) to change "illegal trade" to "illegal exportation of merchandise" which was defined as limited to exportation from East Zone thru West Berlin to West Ger and (*b*) to delete any reference to legal trade (para 2 Berlin tel to Bonn 5 rptd Frankfort 20 Dept 14 Paris 6 London 3 Moscow 4 [5]). Sov rep denied any knowledge of illegal trade from West to East but finally conceded to have minute record illegal "exportation" in both directions. No further progress cld be made so question of minutes indefinitely postponed.

3. Re *Warenbegleitscheine*, Sov rep claimed he only had info to 30 June. He acknowledged receiving 12878 from 13 to 30 June, clearing 11263 and retaining 1616 for proof origin which he considers backlog. Sov rep claimed that of 12878 *Warenbegleitscheine* submitted, 6518 were cleared because certificates origin accompanied them (which we will investigate in view West commandants order to Senate not to submit these certs). He contended this proved that trade of West Berlin firms engaged in legal trade is not prejudiced. Sov position is that West commandants prohibition against submitting certificates origin is interference with legal trade and violates New York–Paris agreements since Sovs were receiving certificate origin prior March 48. Sov rptd claims contained Dengin ltr 18 June that agreements prior 1948 support Sov position.[6] At one point Sov rep made oblique reference IZT negots but matter not pursued by any del.

4. West dels rejected Sov assertion that certificates origin submitted prior 1948 and challenged Sov rep to produce agreements substantiating this requirement (which was never done). Position West commandants reiterated with insistence that Sovs not demand certificates origin and process *Warenbegleitscheine* without delay. Present backlog of 6603 *Warenbegleitscheine* and unsatisfactory rate of return was stressed (only 10 *warenbegleitscheine* returned today but since Sovs do not work Saturday this has no significance). Brit expert took position that unless certificate origin requirement withdrawn, he cld no longer participate in discussions. US expert informed Sov rep that to continue talks required clear-cut agreement that certificates origin restriction be lifted now, or at least, definite commitment from Sovs that this will result from negots.

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[4] Not printed.

[5] Not printed, but see footnote 2 above.

[6] The letter under reference, transmitted in telegram 1513 from Berlin, not printed (460.509/6–1851), repeated the Soviet contention that *Warenbegleitscheine* had been receiving certificates of origin previously and expressed interest in a meeting of experts to work out a documentation control system that would exclude the export of illegally acquired materials and equipment.

462A.62B31/7–1151 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECERT PRIORITY WASHINGTON, July 12, 1951—7 p. m.

314. 1. Re (1) Berlin's 27, Jul 9 sent Bonn 11, Paris 14, London 6, Moscow 7, Frankfort 38,[2] (2) Frankfort's 258, Jul 11, rptd Berlin 18, Moscow 3, Paris 25, London 23,[3] and (3) Berlin's Jul 11 sent Frankfort 49, rptd Dept 36, Paris 16, Moscow 9, Bonn 15, London 7.[4]

2. If satisfaction re *Warenbegleitscheine* not forthcoming prior Jul 16, we agree with Bln Cmdts we shld not participate further discussions with Sovs and suggest our position this point shld be made to Sovs orally or in unpublished ltr, preferably latter.

3. Dept believes if conditions mentioned para 1*c*, reftel 3, are met and talks contd, it wld be preferable for Western Allied experts not to introduce conditions for signing or contd operation IZT agmt as suggested para 1*d*, reftel 3, or raise any other aspect agmt as this cld have effect transferring negots from Gers to quadripartite level. Dept of opinion it wld be best avoid this as wld provide opportunity for Sovs claim Western violation 1949 New York agmt which can lead only to useless and prolonged recriminations. We believe discussion shld be limited to control of illegal trade with contd insistence by West

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[1] This telegram, drafted by Rogers and Montenegro, and cleared by Laukhuff, was repeated to Berlin, Bonn, London, Paris, and Moscow.

[2] *Supra.*

[3] Not printed; it reported that Kaumann had sent Orlopp the following letter on July 6:

> "With ref to declaration made by me on July 3 this year, I herewith inform you agreement initialed today re trade between currency area of DM (West) and currency area of DM (East) will become inoperative in event of interference in traffic to and from Berlin."

Orlopp handed Kaumann a reply on July 7 which reads:

> "I cannot take note of your letter of July 6, in as much as contents this letter has nothing to do with exchange of commodities under new agreement. At the same time, however, I refer once more to my previous oral declaration, most recently made on July 6, that if authorities of your currency area again interfere with deliveries of iron, steel, machines, and equipment envisaged within framework of agreement, agreement which was initialed yesterday will become inoperative and all related agreements concerning power, coal, services etc., will cease to be in effect." (462A.62B31/7–1151)

[4] Not printed; it transmitted the text of BK/AHC(51)54, dated July 11, which (*a*) noted the continued backlog of unstamped *Warenbegleitscheine*, (*b*) noted that Soviet authorities were apparently not prepared to lift their restrictions, (*c*) recorded the Commandants' agreement not to attend the July 17 meeting with Soviet officials unless a substantial part of the backlogged *Warenbegleitscheine* were returned by July 16, (*d*) requested permission to inform the Soviet officials, if the July 17 meeting took place, that the IZT agreement would not be signed pending resolution of the *Warenbegleitscheine* backlog and its implementation would proceed only so long as access to Berlin were assured, and (*e*) recommended that countermeasures be instituted effective July 18 if these conditions were not met. (460.509/7–1151)

reps that each Cmdt is final auth on trade movements his Sector and no intervention by other power acceptable.

4. We suggest admonitions contained para 1*d*, reftel 3, be communicated by FedRep trade negotiators to East Ger reps with added warning that total embargo, including soft goods, will be imposed while agmt signature still pending unless all certificate of origin requirements fully rescinded, and signing out of question until this done. We should not permit extension Vorgriff, or implementation or other steps toward finalization of IZT agmt in interim.

5. If HICOM agreement already reached on Berlin's recommendations discussed under 3 above, Dept sees no major objections to carrying out action substantially as recommended including countermeasures discussed in para 1(*e*) reftel 3. Dept believes course of action shld be no less firm than those outlined above.

6. Western public statement shld not unnecessarily play up our determination to obtain satisfaction from Soviets on *Warenbegleitscheine* point, but shld emphasize in gen terms our determination maintain free West Berlin. If by Jul 17, satisfaction on certificates of origin not forthcoming, we believe public relations aspect our position requires full explanation our decision not to continue discussions fruitlessly.

7. We are still awaiting reply para 3, Deptel 62, Jul 4.[5]

ACHESON

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[5] Not printed; it asked whether there was any substance to the contention that certificates of origin had been required since 1948, whether this had been known to the Commandants at the time, and how this affected the Western stand on the question. (462A.62B31/7-351)

462A.62B31/7-1551 : Telegram

The Director of the Berlin Element of HICOG (Page) to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET NIACT BERLIN, July 15, 1951—10 a. m.

69. For Reber and Frank Miller. Reuter informed Brit commandant this morning, and subsequently confirmed to us, that 1500 *Warenbegleitscheine* were returned to Senat late afternoon or early evening July 13 with notification that they required certificates of origin. Reuter says that although full study these *Warenbegleitscheine* not yet made, they appear mostly to cover high value goods, i.e., not under 10,000 DM. (Subsequent rough estimate obtained by Brit says 6,000 tons goods worth 31 million DM involved).

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[1] Repeated to Washington, Bonn, Paris, London, and Moscow. The source text is the copy in the Department of State files.

Since CDTs' letters to Dengin (mytel 19 to Bonn July 13 rptd Frankfort 62, Dept 47, Paris 18, London 9 Moscow 11 [2]) were delivered early afternoon July 13, it is possible that return these 1500 *Warenbegleitscheine* for certificates of origin constituted Dengin's reply, although timing pretty close. In any case, it seems evident that Sovs not interested in further quadripartite talks if western prerequisite is lifting proof of origin requirement.

Brit CDT showed us confidentially July 14 strong telegram he had sent his HICOMER saying Russians and Fr have been playing with us now for 6 weeks and time has come for decisive action, i.e. countermeasures. Implying Fr leak, he commented to us on "coincidence" that number *Warenbegleitscheine* sent Senat corresponded precisely with HICOM figure of 1,500 mentioned para 1 (*b*) my reftel. In conversation at Fr July 14 ceremony, Fr PolAd reiterated to us views expressed by Carolet yesterday as cited my same reftel, and said he "saw no way out of situation." Further point of some interest this connection is that at Fr Potsdam mission reception July 13, Chuikov's Chief of Staff, General Vinogradov, who apparently was not invited to French July 14 parade, asked Carolet whether he might not come. Both he and Dengin attended parade and reception after. Impression is inescapable that Sovs are working on Fr, and with some success, in order divide western allies.

In our immed preceding tel is draft background statement requested by HICOG Frankfurt for possible early release.[3] We are not altogether convinced, however, that release of a statement now represents best strategy. There is good deal to be said for comment in Frankfort's tel 25 to Bonn July 11 rptd Berlin 21 [4] that "there is no practical possibility Sovs will in foreseeable future commit themselves to formal declaration renouncing right to demand certificate of origin, but they may be willing in practice to cease requiring certificates of origin." We suggest that immed imposition of countermeasures might induce them to this end, particularly if matter has not meanwhile reverted to public issue; whereas countermeasures accompanied by release of statement wld make even tacit giving in impossible without serious loss of prestige. Once Sovs had ceased, in practice, to require proof of origin, quadripartite illegal trade talks cld be resumed and west cld then push for definite settlement of proof of origin issue. If, as has been assumed by many observers, Sov requirement re proof of origin was motivated by desire to fence conclusion of IQQT [IZT] agmt, above outlined strategy wld seem to offer best chance. If, on other hand, Sovs real intention is to make trouble re Berlin, this will soon become apparent and western record can be put before public.

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[2] Not printed; it reported that, in accordance with a decision of the Allied High Commission, a letter had been sent to Dengin indicating that the Western trade experts would not resume the technical meetings until the Soviets had normalized stamping of *Warenbegleitscheine*. It also reported that Carolet felt the "decisions taken by HICOM and Commandants on *Warenbegleitscheine* stand may prove political blunder" since the West Berliners would not support the Western powers and no one had considered what could be done if the countermeasures failed to make the Soviets back down. (460.509/7–1351)

[3] Telegram 68 to Frankfurt (repeated to Washington as 51), not printed (462A.62B31/7–1551). The draft statement related the history of *Warenbegleitscheine* problem since 1947 from the Western view.

[4] Not printed; a copy of this telegram, which was not repeated to Washington, is in the Berlin Mission files, lot 58 F 62, Interzonal Trade 1951 511.2.

If it is decided issue background statement either now or later, we strongly urge no action until we can clear with Brit and Fr. Former will probably go along if timing satisfactory and if latter refuse we will have at least informed them of our intentions.

In view present apparent defeatist attitude of Fr, suggest Dept again approach Fr Embassy along lines Deptel 8567 to Frankfort (rptd Bonn 171, Berlin 411, London 5917, Paris 6862, Moscow 808 [5]) as that approach seemed most fruitful. If our firm stand weakened or united western front here broken by Fr, we may well be faced with disastrous situation.

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[5] Not printed; it reported that a representative of the French Embassy had called on June 16 to present the French views for delay and caution in Berlin. "He was reminded of London and New York agreements to apply counter measures and was requested to convey his government Department's strong feeling that prompt and vigorous application such measures is best way of avoiding drift into blockade situation." (462A.62B9/6-1451)

Frankfurt Mission files, lot 311, D(51)991 : Telegram

The United States Commandant for Berlin (Mathewson) to the United States High Commissioner for Germany (McCloy), at Frankfurt [1]

SECRET PRIORITY BERLIN, July 17, 1951—1 p. m.

76. From USCOB. Personal for McCloy. In Commandants meeting July 16 British proposed that in view deterioration of trade situation Berlin we recommend jointly to HICOM small air lift to move out of Berlin backlog of goods held up by Soviet demand for certificates of origin. I blocked the move saying we should first collect sufficient data to put whole shipping picture before HICOM at time we made recommendation. My real reason for stalling however was that I wished first to have an opportunity to present the picture to my superiors unilaterally—which is the purpose of this message.

Situation has reached a point in my opinion when we must face up to the possible necessity of inaugurating small air lift if only to protect our investment in Berlin. Economic deterioration here will come fast once manufacturers begin to miss delivery dates and Western confidence in ability of Berlin to deliver its goods is laid open to question. Such confidence has been built up slowly and painstakingly over year and a half of ECA program during which time we have poured average of 40 million marks a month into Berlin economic recovery. Confidence once lost will be difficult to regain. Recently launched new program of 200 million for capital development here is nonsense if it merely buys machinery for plants that cannot get orders.

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[1] Sent also to Heidelberg for Handy and repeated to Bonn for Hays and to Washington for Byroade and Foster.

In very real sense same argument for protecting our investment applies politically as well. We have succeeded in building up in Berlin a morale and a spirit that has won world acclaim. This spirit will survive any crisis, I am convinced, if Berliners are given good reason to believe we are doing what we can to help them. Under present circumstances however Germans are showing considerable anxiety over situation. This is due to lack of understanding as to the real issues involved (is it worth the risk of another blockade they are asking) and to doubt as to what we are prepared to do in a positive way to help them. Soviets meanwhile are capitalizing on this uncertainty in minds of Berlin firms by encouraging them to succumb to illegal practice of by-passing West Berlin Senate and submitting certificates of origin direct to Soviet Headquarters. We do not expect big firms to fall for this but smaller firms have already begun to weaken seeing no choice between this and bankruptcy. Although large firms can hold out financially for a while under present circumstances, smaller firms are already seriously hit and face prospect of being forced out of business.

Finally, lift is certainly directly justified on defense program items, some of which are included among goods covered by 1422 *Warenbegleitscheine* which were returned unstamped July 13 with demand for certificate of origin. These *Warenbegleitscheine* represent some 6,000 tons of goods valued at 31 million DM. Included in list is large order for British Ministry of supply. Such special items may in the end have to be moved out by military and of available choices air lift seems by all odds most feasible and least likely to lead to additional complications.

I estimate that lift of approximately 600 tons daily for 30 days would clear up present backlog and take care of essential current shipments of goods on restricted list. This would give us time to bring full pressure to bear on Soviets and unless their intention is to make trouble in Berlin regardless of cost to themselves should achieve our objective of restoring trade flow to normal.

In addition, lift would constitute compelling demonstration to Soviets of our determination to see this thing through and add to pressures being brought to bear on them. Psychological value therefore great in view Soviet loss of face as result previous air lift and presumption they have no stomach for second such contest. In my judgment, playing this card might well be decisive factor in breaking serious impasse we may well have reached.

All of the above, in my opinion, makes it necessary for us to give serious thought based on local considerations alone, to the mounting of a limited airlift (together with our British and French Allies) possibly within the next two weeks.

Would appreciate your comments.[2]

MATHEWSON

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[2] On July 20 McCloy replied that HICOG's attitude on the Berlin situation was first to try all reasonable remedies before instituting an airlift. (Telegram 605 from Frankfurt, July 20, 962A.50/7-2051)

762A.00/7-1751 : Telegram

The Director of the Berlin Element (Page) to the Liaison and Political Reporting Division, at Bonn[1]

SECRET PRIORITY BERLIN, July 17, 1951—9 p. m.

30. For Slater. 1. CDTs met today with key Ger reps (Senate, Reuter and Eich; FedRep Vockel and Kaumann; Labor, Scharnowski, and industry, Spennrath). Gen Bourne as chairman CDT made introductory statement covering fol points:

(*a*) *History of Warenbegleitscheine issue.*

Résumé of Allied case concerning Sov requirement for certificates of origin. Despite correspondence with Dengin and quadripartite talks at technical level on illegal trade, Sovs have shown no disposition to normalize *Warenbegleitscheine* handling.

(*b*) *Countermeasures.*

CDT's recommended to HICOM imposition of countermeasures. In addition to refusing to sign IZT agmt, of which Gers are informed, Allies have plan for embargoing shipments to East of comprehensive list of hard goods of high value particularly needed by East Zone to fulfill five year plan.

(*c*) *Publicity.*

In recognition need for strong support West Berliners and West Gers, Allies are preparing suitable info for press background which, after coordination with West and approval by HICOM will be given to Gers or simultaneous use by FedRep and Senate shortly after countermeasures instituted.

(*d*) *Stockpile.*

Present stocks must not be permitted to drop beneath present levels by even one day's supply.

(*e*) *Controlling certificates of origin.*

Recalled instructions to Mayor that certificates of origin were not to be submitted to East auths.

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[1] Repeated to Washington, Frankfurt, London, Paris, and Moscow. The source text is the copy in the Department of State files.

Pointed out that even small firms must comply with this order.

(*f*) *Assistance to Berlin economy.*

Requested Gers for accurate info concerning sitn faced by business community and firms requiring immed assistance.

2. After consulting among themselves privately, Reuter replied for Ger group, but stated he spoke solely as Mayor of Berlin and not representative of FedRep as well.

(*a*) Sitn was regraded as extremely grave. Although some weeks ago Gers were reticent, they now fully support Allied position. In event of open trade war, prestige of entire Western world wld again be at stake in Berlin and therefore everything must be done to support Berlin economy and morale. Although this wld come as severe shock to Berliners, they will understand issue, particularly if complete freedom for movement West Berlin goods can be foreseen as result. (Scharnowski made heartening statement that with increased unemployment under these circumstances, workers' morale can be maintained since issue directly concerns their freedom and more wld be lost than gained by weak stand).

(*b*) Gers not in position to gauge effectiveness or outcome of Allied countermeasures without detailed examination, but did not want this statement interpreted as taking position against countermeasures. Allied countermeasures may result in Sov retaliation. However, if yield to Sovs this wld lead to certain control of West Berlin trade, without guarantees for normal handling *Warenbegleitscheine*. Gers wld be at mercy of Sovs. With possible consequences of countermeasures in mind, conclusion arrived at that we must not give in.

(*c*) No comments as to publicity.

(*d*) Assured CDT's Senate wld do all it cld to maintain stockpiles, assuming continuance of imports to Berlin without new interference.

(*e*) Additional administrative measures will effectively prevent firms from submitting certificates of origin to East auths, altho no assurance practice can be completely stopped. No further legis is believed necessary.

(*f*) Difficult to foresee consequences present sitn on business community 60 to 70 million DM worth of goods totaling between 10 to 12 thousand tons waiting transport from Berlin. Only remedy is to provide transport without Sov control, otherwise firms face bankruptcy and increasing unemployment. West Berlin is unable to solve this problem by itself and it is doubted if FedRep will provide effective measures. Allied-Ger Berlin comite was proposed to deal with problem of assisting Berlin firms. Senator Eich added that financial assistance is immed necessary as some firms are not in position to meet wage and social security payments.

3. Reuter stated he is obliged to inform Senate, Berlin political party leaders and FedRep of sitn. Vockel will inform FedRep officials tomorrow in Bonn. Gers agreed to hold info in strict confidence until authorized otherwise by CDT's. Reuter expressed hope that he cld be in position to make public statement at next regular mtg of House of Reps, scheduled for 19 July.

4. Our mtg with Gers today shows that we have full support of principal Ger leadership. Furthermore, they expressed conviction that the Berliners themselves will not be found wanting, especially if tangible Allied support becomes evident.

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398.10-GDC/7-2651 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BONN, July 26, 1951—midnight.

73. Verbatim text. AGSec from Slater. Fol is summary report council mtg held Bonn-Petersberg 26 July with Kirkpatrick (UK) chairman, Bérard (Fr) and McCloy (US).

[Here follow discussions by the High Commissioners on (1) the disposition of claims and suits against the Joint Export-Import Agency, (2) the dissolution and liquidation of insurance companies connected with the German Labor Front, (3) Implementation of AHC Law No. 35 (Reorganization of I. G. Farben-Industrie) and (4) Chancellor Adenauer's request for a transfer of Konstantin von Neurath from Spandau prison to a hospital.]

5. *Berlin and East-West trade situation.*

(Ref Berlin sent Bonn 46 rptd Dept 115, Frankfort 113 [*133*], Paris 44, London 24, Moscow 27 or 25 July; Berlin sent Frankfort 135 rptd Dept 117, Bonn 48, London 26, Paris 46, Moscow 29 of 25 July; Berlin sent Frankfort 132 rptd Dept 114, Bonn 45, Paris 43, London 23, Moscow 26; Dept sent Frankfort 584 rptd Bonn 39, Berlin 37, Paris 484, London 525[2]).

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[1] Repeated to Berlin, Frankfurt, London, Paris, and Moscow.

[2] None printed; telegram 115 from Berlin transmitted the following draft text of identical letters to be exchanged by East and West German representatives at the signing of the interzonal trade agreement:

"With reference to the numerous negotiations with you, may I state that agreement exists that the traffic of goods shld be permitted without restriction across the demarcation lines between the different parts of the currency territories within the framework of prevailing provisions.

However, trade not corresponding to the provisions of the agreement will be prohibited. It is particularly intended to prevent goods being shipped in transit traffic without the necessary permits. In the case of *Warenbegleitscheine* covering consignments from western sectors of Berlin to West Germany the legality of the delivery may be examined jointly where there is reason to assume that the goods to be supplied or the materials used in their manufacture were obtained from the currency territories of the DM-east without approval." (462A.62B31/7-2551).

Telegram 117 from Berlin transmitted three textual changes in the letters which were suggested by the East Germans (462A.62B31/7-2551); telegram 114 from Berlin transmitted a list of *Warenbegleitscheine* submitted and approved on July 25 (962.50/7-2551); while telegram 584 to Frankfurt indicated that the Department of State was discussing a possible increase in commercial flights to Berlin and had again made representations to the British and French Embassies concerning the need for countermeasures. (962A.50/7-2051) (*a*) In view unsatisfactory nature draft of letter to be exchanged between Kaumann and Orlopp (see reftel), council proceeded to agree statement of HICOM's position for release to press which, after brief review of history of matter concludes "present restrictions imposed by Soviet Control Commission have serious implications for West Berlin economy and this is situation in which HICOMs cannot acquiesce. They must therefore reserve right to take such steps as may be necessary to ensure free movement of West Berlin's legit trade is restored". Fed Chancellery saw statement this afternoon and it was released late today.[3]

(*b*) On question of movement backlog of commodities in Berlin, Kirkpatrick said UK Govt would like to have HICOM recommendation and he suggested that HICOM propose small airlift of 150 tons per day toward which he thought UK could make contribution of mil aircraft to lift 50 tons per day. A week or two of such lift would, he said, make considerable headway on 10,000 ton backlog and would be real fillip to Berlin morale. I heartily agreed that immediate step along these lines would be helpful to Berlin morale, but urged that, instead of employing military planes which might have an undue significance at this juncture, movement of Berlin backlog be handled by stepping up commercial air freight service. I then invited UK and French reps to join immediately discussions taking place in Frankfort today on organization of increased commercial air service to Berlin. I also emphasized importance of making this as much as possible a German project. Kirkpatrick and Bérard agreed that it would be preferable to proceed along these lines, but said UK and French would have great difficulty in supplying commercial aircraft. Council then agreed to recommend to govts that as soon as possible steps should be taken to increase commercial air freight service for Berlin; that govts should initiate arrangements for chartering required aircraft with each govt to pay for aircraft from its own country, recovering normal freight charges on shipments from Berlin; that entire project would be developed and carried out jointly with Gers.

(*c*) I raised question of timing of countermeasures. Kirkpatrick said that he was obliged to consult UK Govt at each stage of developments, but that he was prepared to recommend to his govt that if there had been no satisfactory developments of Soviet response to HICOM communiqué by next council meeting (2 August), council should then take steps to put countermeasures into effect. Berard agreed to make same recommendations. Council agreed in this connection that order of importance of Allied steps was (I) refusal to sign interzonal trade agmt (already taken); (II) stepping up commercial air movement of Berlin backlog (now in process); and (III) additional countermeasures. It was felt that before step (III) was taken time should be given to see what effect HICOM press statement might have.

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[3] A copy of the statement is in the Bonn Mission files, lot 311, D(51)1055.

6. *Next meeting 2 August at Bonn–Petersberg.*

[Slater]
McCloy

462A.62B31/7-2651 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY WASHINGTON, July 31, 1951—7 p. m.

807. You will have noted from Deptel 701 of July 30 to Paris, rptd Fkft as 768[2], that we attach great importance to HICOM's taking steps at Aug 2 meeting to put additional countermeasures into effect unless Soviets or East Germans have retreated from previous position before that time.

With receipt of Fkft's 797 of July 26[3] it has become clear to us for first time that iron and steel goods, hops, and mineral oils are only items prohibited for interzonal trade. We note that items of importance to SovZone such as machinery, chemicals, and rubber products can still move. This info has strengthened our belief that complete termination interzonal trade would penalize Soviets considerably more than at present and offers best possibility of ending present impasse. Soviets have had ample forewarning this possibility and further warning considered undesirable. Seems very probable that measures short of complete or virtually complete termination interzonal trade would not arrest continuing deterioration situation. Also believe that decisive action necessary now since with passage of time it is probably becoming increasingly difficult for Soviets to retreat.

Although not familiar with details of countermeasures proposed by econ comite (urtel 602, July 20[4]) we urge that HICOM instruct FedRep prohibit further extension validity any *Warenbegleitscheine* for either Vorgriff A or Vorgriff B account. We assume this would result in complete cessation movement of goods in interzonal trade. However, if measures already agreed by econ comite, while not resulting in complete cessation trade, wld effectively halt all important essential and strategic goods, and if these measures are maximum Fr will accept at Aug 2 mtg, we wld consider HICOM agreement on these measures satisfactory.[5]

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[1] This telegram, drafted by Wyman and Rogers and cleared with Byroade, was repeated to Bonn, Berlin, Paris, and London.

[2] Not printed.

[3] Not printed; it reported that interzonal deliveries from the Federal Republic had been restricted to soft account goods (Vorgriff B) and that no deliveries under hard accounts (Vorgriff A, machinery, chemicals and rubber goods) had been permitted (462A.62B31/7-2651).

[4] Not printed; it reported that the French were still hesitant to apply further countermeasures in the event that the offer to sign the interzonal trade agreement failed to break the deadlock over *Warenbegleitscheine*, and it indicated that the nature of the further countermeasures had already been agreed by the Economic Committee of the High Commission. (462A.62B31/7-2651)

ACHESON

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[5] At their meeting on August 2, the Allied High Commissioners agreed to intensify the commercial airlift to Berlin, decided to put forward another draft letter to be exchanged between the German delegations on August 20, and agreed that the accounts under the trade agreement which had been previously extended as temporary measures to August 2 should not be extended further. (Telegram 83 from Bonn, August 2, 398.10-GDC/8-251)

462A.62B31/9-151 : Telegram

The Director of the Berlin Element of HICOG (Jones) to the Liaison and Political Reporting Division, at Bonn[1]

SECRET PRIORITY BERLIN, September 1, 1951—3 p. m.

148. Verbatim text. Following is text BK/AHC(51)82 dated 1 September, 1951:

"Subject: East/West trade situation, to: Secretary General, Allied General Secretariat.

1. CDTs (US and Fr represented by deps) held special session 31 Aug to consider, as requested, council's proposal of 30 Aug re next move in Berlin East/West trade situation.[2]

2. Brit CDT felt that to concede signing of IZT agreement merely on basis proposed unilateral letter by Kaumann wld certainly be represented as withdrawal from position publicly taken by HICOM in press release of 26 July, 1951.[3] It wld not discourage Russians from future action which wld lead to deterioration of Berlin situation. In short term he felt it wld give away, without satisfactory compensating assurances, our strongest weapon. He considered East was suffering and wld continue suffer more than West from stoppage of trade, and pointed out psychological and practical difficulties of abrogating current agreement.

3. CDTs then considered alternative plan, suggested by econ advisors, which consisted, in effect, of terminating Kaumann–Orlopp discussions as futile, and HICOM instead approaching Chuikov with proposal for quadripartite talks re problems posed by suspension East/West trade. If Sovs refused or delayed acceptance, more severe countermeasures to be imposed in about one month. If they accepted, West to seek firm assurances from Sovs re confiscations and other re-

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[1] Repeated to Frankfurt and Washington. The source text is the copy in the Department of State files.

[2] At its 74th meeting on August 30 the Allied Council agreed that, in view of the failure to agree on identical letters to be exchanged between the East and West Germans at the signing of the interzonal trade agreement, the Federal Government should be authorized to sign the trade agreement and at the same time forward it to Orlopp stating the conditions under which the agreement would be carried out. Bonn reported on the meeting in telegram 143, August 30. (398.10-GDC/8-3051)

[3] Not printed, but see telegram 73, July 26, p. 1857.

strictive measures as well as re proof of origin issue. Shld talks fail, consideration to be given move such as Council proposal of 30 Aug. If resort to latter necessary, West Germans to be given to understand that flow of goods to East must be suspended immed if Sovs re-impose restrictions which HICOM considers warrant such action.

4. US suggested if quadripartite talks undertaken and unsuccessful, subsequent signing IZT agreement on basis unilateral declaration by West wld not put West in very strong position. Pointed out time and effort already spent in vain haggling, and said there were certain advantages to be drawn by "cutting the Gordian knot" with some definitive action now such as Council proposal. Also mentioned possibility that proposal for quadripartite talks might only strengthen probable Sov fear that Western powers, especially US, do not intend permit trade agreement in any case, and merely using delaying tactics.

5. After considerable discussion pros and cons of situation, CDTs agreed that, aside from Council proposal, there were following possibilities:

(*a*) Plan outlined para 3 above;

(*b*) Sign agreement now as proposed by Council, but instead of sending Kaumann letter to Orlopp, that Council write letter along same lines but in stronger and more precise terms to Fed representative, with copy given Orlopp by Kaumann;

(*c*) Suspend East/West Ger talks and take no action for 30 days, thereby showing Russians we confident in strength our position;

(*d*) HICOM write letter to Chuikov, stating since East/West Ger negotiations proved unfruitful, HICOM is prepared authorize signing of agreement if assurance received from Chuikov that current Berlin trade difficulties will cease. Letter wld offer keep this exchange of correspondence confidential if Chuikov wished.

6. In view of all the circumstances, the Brit and US CDTs agreed to recommend (*d*) above.

7. The Fr CDT agreed with HICOM solution; he considered, nevertheless, that it was preferable that the document to be handed to Orlopp by Kaumann shld be copy of letter by which HICOM wld inform FedRep that it authorizes the latter to sign IZT, repeating statement of allied point of view as given in original text. Fr CDT, therefore, approved (*b*) above. He considered that we shld avoid giving Sovs grounds for thinking that Western powers have no intention of signing IZT. He was completely against (*c*) above which wld give Sovs and East Germans impression that East Germany was to be blockaded and which wld be interpreted as a rupture, which might result in a total blockade of Berlin. If, however, the signature of IZT were not to take place immed, Fr CDT considered that (*d*) above wld be the least dangerous. He observed that, in any case, if allied conversations were to take place with Sovs, they shld be on Berlin level, the CDTs having, in fact, laid down the principle, in their letter of June 11, 1951 to Mr. Dengin,[4] that the right of decision in matter of export documents or movement of goods belongs to sector CDTs. The question at issue was that of control over industry, which belongs to the

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[4] Not printed, but see footnote 2, p. 1857.

exclusive competence of Berlin CDTs. (Brit and US CDTs considered that since quadripartite talks wld presumably be concerned primarily with East-West trade which lies within competency of HICOM, not CDTs, talks shld be on HICOM level. (Signed Gaugain, Chairman Secretary)."

JONES

462A.62B31/9-351: Telegram

The Director of the Berlin Element of HICOG (Jones) to the Liaison and Political Reporting Division, at Bonn[1]

SECRET PRIORITY BERLIN, September 3, 1951—11 p. m.

151. For Slater. Fol is text BK/AHC(51)83 dated September 3, 1951:

"To: Secretary General, Allied General Secretariat.

1. The Commandants today considered situation created by imposition by Sovs of toll on all vehicles registered in West Berlin and Western Germany using roads in Sov Zone and especially Autobahn from Helmstedt to Berlin.[2] At same time, they considered action to be taken to meet this new sitn.

2. They felt in first place that a protest shld be sent utmost urgency to Sov auths. This protest shld be based on fol facts:

a. These taxes are discriminatory in that they affect vehicles from Western Berlin and Western Germany only and are not imposed on East Berlin and East German vehicles.

b. Rates of these taxes exorbitant.

c. Imposition of tax constitutes interference with free access to Berlin.

d. Tax imposed without previous notice.

Fr Commandant recommended that protest be made by Commandants at Berlin level without excluding the possibility, however, of protest from HICOM. Brit and US Commandants felt HICOM shld protest to Sov auths at same time Commandants protested on Berlin level. Commandants recommend that whichever solution is adopted by HICOM with regard alternative possibilities outlined in BK/AHC(51)82 (ref Berlin 148 to Bonn, rptd 400 Frankfort, 335 Dept of 1 Sep[3]) that the removal of tax shld be made additional condition to signing of IZT agmt.

3. In Commandants' mtg with Mayor Reuter and Dep Mayor Schreiber this afternoon fol a mtg of Senate fol Ger views were expressed.

a. Psychological effect of tax at least as serious as economic and financial effects.

b. Senate requesting FedRep immed impose similar tax on East Ger vehicles entering FedRep.

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[1] Repeated to Frankfurt and Washington. The source text is the copy in the Department of State files.

[2] The toll had been introduced on September 1, ostensibly to pay for road repairs caused by West German traffic over roads in the Soviet Zone.

[3] *Supra.*

c. Most sensitive area for counter-measures is waterway traffic and Senate therefore hoped Kommandatura wld consider immed imposition of tax on East German barge traffic which wld be on same basis per ton as the Autobahn tax.

d. Berlin will need help in bringing in foodstuffs to city.

Reuter also informed Commandants that Kaumann today informed Orlopp that IZT negots cld not continue as long as Autobahn tax was in effect. Orlopp appeared to be concerned over sitn and replied that he wld discuss matter with Min Pres Grotewohl this afternoon.

4. Commandants further recommended immediate consideration be given to ways and means of assisting in transport of necessary foodstuffs to Berlin. As possible first measures it is proposed that question be explored of

a. Certain number of trains be used to transport essential foodstuffs

b. Planes engaged in transporting westward Berlin's industrial products might be used on their in-flights to Berlin to transport essential foodstuffs.

5. Brit and US Commandants recommend that barge tax proposed by Mayor Reuter be imposed as a matter of urgency before or simultaneously with whatever action HICOM agrees upon re IZT agmt. Fr Commandant concurs in principle that barge tax is best countermeasure, but of opinion that it shld be imposed immed after HICOM *démarche* re IZT agmt if it becomes evident that the *démarche* itself will not produce desired result. Signed Gaugain, chairman secretary."

JONES

398.10–GDC/9–751 : Telegram

The Acting United States High Commissioner for Germany (Hays)[1] *to the Acting Secretary of State*[2]

SECRET NIACT BERLIN, September 7, 1951—3 a. m.

364. AGSec from Slater. Fol is summary report morning session HICOM deputies with Berlin Commandants and afternoon session with Mayor Reuter and Economics Minister Erhard held Berlin 6 Sept with Ganeval, French chairman; Hays, US; and Ward, UK.

Except for discussion Berlin constitutional difficulties which will be reported subsequently, mtg confined to consideration Berlin East-West trade sit.[3] Mtg will reconvene 1000 hours 7 Sept to complete agenda. Reply Dept sent Frankfort 1630, Bonn 88, Berlin 101, Paris 1296, London 1354, Moscow 166 follows separate cable.[4]

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[1] McCloy was in Washington for the meeting of the three Western Foreign Ministers, September 10–14; regarding their meeting, see pp. 1163 ff.

[2] Secretary Acheson was in San Francisco for the signing of the Peace Treaty with Japan. For documentation on the San Francisco conference, see vol. VI, Part 1, pp. 777 ff.

[3] Berlin telegram 372, September 7, not printed, reported on the constitutional difficulties, the Berlin stockpile, detention of Germans serving in the French Foreign Legion, and the arming of the Berlin police. (398.10–GDC/9–751)

1. *Allied meeting.*

After lengthy discussion in which US/UK met Fr resistance to positive action on almost every point, Council agreed:

a. Each acting High Commissioner wld transmit shortly after 0900 hours 7 Sept fol protest ltr to Chuikov:

> *Begin text.* "I invite your attention to three separate actions taken recently by auths of Sov Zone Germany to interfere with free access to Berlin, and to impede transportation of goods between Western Berlin and Western zones Germany. (i) Rothensee ship-lift on Mittelland Canal, near Magdeburg remains closed to barge traffic in spite of assurances given by General Smirnov on 20 January 1951 that repairs on this lift wld be completed by end of February 1951. To compensate for this closure, additional rail facilities were provided, but these have now been withdrawn. (ii) Since May 1951 auths of Sov Zone have refused to permit shipment of certain categories of goods from West Berlin to Western Germany by making illegal demands for certificates of origin. (iii) On 31 August 1951 Sov Zone auths imposed an exorbitant and discriminatory tax on West German and West Berlin motor vehicles which travel between Western Berlin and Western Zones of Germany. Each of above actions imposes new restrictions which were not in effect on or before 1 March 1948, and as such are in direct contravention of provisions of New York and Paris agreements of May 1949. Continuance of these restrictions will not facilitate resumption which we desire of interzonal trade. I protest against these violations and request immed action to ensure that these restrictions are lifted." *End text.*

It was also agreed that each commandant wld forward copy above text with short cover note to Dengin for info.

b. Although there shld be no further exchange of ltrs between Kaumann and Orlopp, former authorized to make oral approach to Orlopp to effect that only obstacles in present circumstances to prompt signature of IZT agmt are Sov requirement certificates of origin WBS and tax recently imposed on West Berlin and West Zone vehicles transiting Sov Zone. (Reopening Rothensee ship-lift and granting three extra train paths daily to compensate for nonoperation ship-lift not requirements signature IZT agmt.)

c. To request German representatives at afternoon mtg to submit as matter of urgency proposals on imposition taxes on East Zone barges passing through Western Berlin which wld provide reimbursement West German vehicle owners (and West barge owners if Sovs impose counter tax). Proposals shld specify rates, conditions, manner and against whom taxes shld be levied. In addition, FedRep shld consider imposition of tax on East Zone vehicles travelling in Western Germany.

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[4] Not printed; it asked for detailed information on the effect of the road toll and suggested various steps that could be taken as countermeasures, including protests, tolls on Soviet vehicles and barges, use of train and air transport, and a possible tripartite protest to Moscow (962.50/9–551). Berlin's reply on September 8 provided the requested information and comment on the suggested countermeasures. (Telegram 373, September 8, 962.50/9–851)

d. Unless Sovs lift restrictions, countermeasures referred to in *c* above shld be taken by 17 September at very latest. (If Germans fail to take such action, Ward and I indicated that our govts might consider it necessary for Allies to act.)

e. To instruct econ and finance advisors to keep in close contact with Berlin and FedRep Germans in order to keep HICOM fully informed and in position to act quickly.

f. To issue a press release which wld cite Allied protest to Chuikov, mention conditions for IZT agmt signature and note that Allies and Germans were considering certain measures which might be taken to counter Eastern restrictions.

In pressing for simple ltr of protest to Chuikov which wld not contain threats or any complaint which was not clear violation of New York or Paris agmts, I argued this matter might eventually have to be handled at govt level and therefore we should only include violations of international agmts which our govts cld contest. We agreed that Allied transport auths cld handle rail traffic issue by separate approach.

Ganeval repeatedly pressed for confirmation of Council recommendation referred to in para 5 of Bonn sent Dept 143 rptd info Frankfort 208, Berlin 34, London 56 and Paris 59 of 30 August.[5] He argued that it was in Allied interests to have IZT agmt signed as soon as possible. Subsequent suspension of agmt if new restrictions imposed once Sov Zone factories had commenced activities wld be most effective weapon. In accordance with Deptel sent Frankfort 1583 rptd Bonn 85, Berlin 99, Paris 1344, London 1309, Moscow 162 of 1 Sept,[6] I firmly rejected Fr proposal and added that vehicle tax made such approach even more untenable. Ward supported me fully and pointed out Sovs have long been aware that lifting WBS restrictions wld be met by prompt signing of IZT agreement by West. UK Govt took firm position that in view of vehicle tax, signing IZT agmt wld represent "horrible loss of face for West". He later informed mtg that press in UK was becoming most critical of West's lack of firmness in Germany in countering Sov tactics.

Fr throughout meeting attempted to magnify difficulty of implementation of western tax counter-measures. In reply Ward said system of taxation cld be introduced on 24 hour notice. (Most check points are in UK sector). He stressed that counter tax on barges shld be clearly earmarked for reimbursement purposes. We agreed experts shld determine if taxes from Sov barges would be sufficient to subsidize both autobahn and West barge traffic. UK experts thought taxes wld be sufficient. Ganeval, to support argument that no action cld be taken for some time, repeatedly argued that imposition of taxes wld require Berlin and FedRep legislative action. (In afternoon session Reuter said German lawyers were not in agreement on this point, but that he did not feel that legislation was necessary in Berlin and that administrative action cld be taken in 24 hours.)

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[5] Not printed; but see footnote 2, p. 1860.

[6] Not printed; it stated that the Western position was sufficiently strong so that the signature of the interzonal trade agreement and the transmittal of a unilateral letter to the East Germans without the achievement of the Western demands was unacceptable. (462A.62B31/8-3051)

Mtg accepted by [*my?*] proposal that econ and finance advisor shld ensure that Western Allies give all possible assistance to alleviate Berlin transport difficulties particularly with respect to such perishable shipments as milk.

2. *Meeting with Reuter and Erhard.*

Ganeval informed Germans of decisions cited in paras 1 *a*, *b* and *c* above. Ward and I stressed that Kaumann shld not submit any further written proposals to Orlopp which were designed to break deadlock as Sovs knew what West desired in exchange for signature IZT agmt.

Erhard made fol points and then left mtg before receiving Allied reply:

a. At last fed gov Cabinet mtg agmt cld not be reached to take reprisals in FedRep to GDR vehicle tax restrictions because of "present lack of necessary records". That did not mean after due consideration fed gov wld not be prepared to take similar measures against vehicles from Eastern Zone travelling in FedRep area.

b. Implications and pros and cons of such reprisals were now being considered but from "practical viewpoint it must be admitted that West was in weak position and therefore any steps which might be taken wld have a decided influence on economic, political and social life of West Berlin".

c. It wld be in interest of both FedRep and West Berlin if IZT agmt became effective at once.

d. There wld be much less polit difficulty if discussions wld take place solely between West and East German auths rather than through Allied media. Germans have impression that Eastern auths were prepared to discuss matters with them and that relaxations cld now be achieved. Therefore, interzonal trade negotiations shld be conducted by German auths. New vehicle tax measures shld be included on agenda of such interzonal conferences.

e. "Any policy statements directly associated with Allied auths wld lead to stiffening on part of Eastern auths and to further Sov demands. Further, negots which we have been conducting recently have been made particularly difficult because we have had to interpret demands made by Allies who were originators of policy we were compelled to negotiate."

Reuter then reviewed points made to Berlin commandants on 3 Sept (Berlin sent Bonn 151 rptd Frankfort 409, Dept 342 [7]).

Reuter's enthusiasm for positive counter measures appeared to be considerably dampened by presence of FedRep reps. He pointed out that while last Monday possibility Sovs cld impose counter taxes for shipping on East Zone waterways if West imposed waterways tax was taken into consideration, mtg had not taken into account fact Sovs were in position to by-pass Berlin by water routes. These facts had now been submitted to Allied transport experts by Berlin authorities for consideration. Reuter again asked if commandants cld undertake to transport by milit vehicle and on milit trains a *part* of foodstuff traffic into Berlin. He finally urged that Allies appoint a commission which wld have authority to make final decision in concert with a similar commission appointed by West Berlin auths. He made ref to slowness of present Allied-German machinery to deal with such matters and need for quick decisions and action.

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[7] *Supra.*

In reply to Erhard's criticism that Allies were slow to get instructions to Kaumann, both Ward and I said that if Western reps came to Allies with proposals which indicated they were not "giving in to Soviets" and that Sovs were removing restrictions, they wld receive Allied agreement most quickly.

Ward, in reply to Reuter's statement, said his experts did not believe that Sovs cld by-pass Berlin by water. UK cld not consider use of milit trains to support Berlin population, as such a course might risk whole basin for present agmt on trains. [Slater.]

HAYS

Editorial Note

At their meeting on September 13, the Foreign Ministers of the United States, the United Kingdom and France, discussed the question of access to Berlin and the interzonal trade agreement. For a record of their discussion, see Tripartite Min–5, page 1279.

398.10-GDC/9-1451 : Telegram

The Director of the Berlin Element of HICOG (Jones) to the Liaison and Political Reporting Division, at Bonn [1]

SECRET PRIORITY BERLIN, September 14, 1951—10 p. m.

178. For Slater. Fol is text of BK/AHC(51)84 dated Sept 14, 1951:

"To Secretary General, Allied General Secretariat.

1. A number of articles have appeared in the [Berlin press?] and in several cases the fact has been emphasized that the latest interzonal trade discussions have been left exclusively to German reps and that

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[1] Repeated to Washington and Frankfurt. The source text is the copy in the Department of State files.

this might be regarded as a sign of recognition by the Allies of the growing German point of view that sovereignty in respect of external trade has been, to a very large extent, restored.

2. The conversations were renewed between Leopold (Kaumann being sick) and Orlopp on Monday afternoon. The outcome of this mtg was as follows:

3. Leopold informed Orlopp that the signatures of the interzonal trade agreement wld depend on resolving difficulties under the following heads:

(*a*) Certificates of origin;
(*b*) Autobahn tax;
(*c*) Parcel post restrictions.

4. As to (*a*), Orlopp emphasized that this question must be discussed with the Soviet authorities. The representatives west and east (according to Leopold) agreed to create a mixed comite of representatives from the eastern transit office and the Treuhandstelle. This mixed comite wld verify doubtful cases among the *Warenbegleitscheine* submitted by the Senate to the transit office. If the Treuhandstelle (west) gave a verbal assurance that the goods contained in doubtful consignments did not originate illegally from the DM east area, the *Warenbegleitscheine* in question wld be returned, signed and stamped without a demand for the proof of origin.

There can be two very different interpretations of this proposal:

(*a*) *French view*

Mr. Leopold agrees with the proposal made by Orlopp to form a joint comite to study the matter. His interpretation of this proposal is the following:

After assurance has been given to the eastern representatives that the origin of the goods is in order, *Warenbegleitscheine* will be stamped automatically and without opposition from the Soviet. The French commandant feels, as does Mr. Leopold, that this system wld be satisfactory to the Allies, because it wld avoid Soviet checking in the western sectors. At the same time, it wld completely reassure the Russians about illegal trade.

(*b*) *British/US view*

(i) In the first place it is not clear why a verbal assurance given by Kaumann and his Treuhandstelle shld have any more value than one given by the Berlin Senate.

(ii) Although the idea of joint examination of doubtful cases is at fast [*first?*] sight attractive, and was in fact mooted by Reuter in July, it still leaves the power of disapproval in Russian hands, which is what we have been fighting against for three months. This was presumably the reason why the Allied High Commission rejected this course at that time. It cannot be too often reiterated that it is the Soviet and not the DDR authorities who stamp, sign and return all *Warenbegleitscheine*, and that until they renounce or delegate in practice, this right to the East Germans, any undertakings in this matter by Orlopp are of very questionable value.

(iii) The last official Russian opinion given in the Allied Kommandatura on this matter was clearly set down in BK/R(48)123 dated 5 April 1948 as follows:

> 5. The Soviet member stated that since the goods sent from any sector of Berlin into the western zone have to pass through the Soviet zone of occupation, the Soviet authorities have the right to establish a procedure for transit which they consider necessary.

(iv) In practice, if there is to be real joint examination and not merely communication to the east authorities of a unilateral examination by the western authorities, proof of origin will have to be produced whether oral or written, whenever the Soviet authorities choose to demand it. Thus, basically, joint examination will still give the Soviet authorities the right of selecting doubtful consignments—at any figure between 1 percent and 100 percent—in other words the Soviet veto.

6. The so-called 'autobahn tax' (which, however, applies to all roads in the eastern zone) was also discussed. Leopold reported that Grotewohl was interested and wld be discussing this subject at a DDR Cabinet mtg on Thursday the 13th.

7. The parcel post difficulties do not appear to have been discussed.

8. Finally Leopold reported that the decision of the DDR Govt must be awaited and that he wld not meet Orlopp before Friday, the 14th, at the earliest.

However, a mtg took place on Thursday, the 13th. At this interview Orlopp informed Leopold that the proposal concerning a lump payment to replace the taxes levied on western vehicles using the autobahn had not been accepted; but he proposed that the tax be levied once only for a return trip, thus reducing the tax by 50 percent. He is ready to consider any proposal which wld further reduce the tax tariff. Orlopp further expressed the hope of signing the interzonal trade agreement the same evening. He implied that when signing it he wld state that the present restrictions on Bonn traffic wld be lifted and that the position wld again become what it was before 11 May 1951.

9. The situation has most certainly not improved since the despatch of the letters to Chuikov. The latest restriction concerns the shipment of motor-vehicles and accessories which have been brought here for the motor show.[2] The Senate informs us that *Warenbegleitscheine* for the fol items have been refused by the Soviet office on the grounds that such *Warenbegleitscheine* must be accompanied by evidence of origin and have stated that they wld accept the *Warenbegleitscheine* covering the goods on the incoming journey: 153 passenger cars, of which 105 are non-German; 99 lorries and buses of which 9 are non-German; 70 motor and autocycles of which 8 are non-German; 72 trailers of which 1 is non-German; and 200 tons of spare parts and accessories.

The Senate has been instructed not to supply proof of origin in any form for these cars and equipment.

10. It is the view of the British and US commandants that the action outlined above has been taken with object of damaging the forthcoming industrial exhibition in Berlin and that it gives further proof

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[2] Presumably a reference to the "International Berlin Festival Weeks of 1951" which opened September 5.

of the Soviet intention to harm West Berlin's economy to the maximum.

11. No *Warenbegleitscheine* have been returned unstamped since Sept 6 when 1,809 were returned. However, 3,123 were submitted between Sept 6 and 13 inclusive and only 1,457 returned in the same period stamped and signed. It will, therefore, be seen that the backlog has increased by 1,666 during the past eight days. In other words, less than half of those submitted have been returned approved.

12. The situation re parcel post continues to fluctuate. On the postal train from Berlin to Hannover on the night of 13/14 Sept comprising 38 trucks, 14 were returned to Berlin. In the reverse direction Hannover to Berlin, 12 trucks were returned from a total of 24. The position remains unsatisfactory, although the number of railway wagons held up in Berlin has dropped from about 80 to 25. It shld be pointed out that about 32 tons of textiles, etc., on the restricted list originally consigned by parcel post but refused have now been despatched by the air-lift. It is not felt, however, that this really represents an improvement in the situation and it may well be that the position will again deteriorate during the next few days. The industries in Berlin have been seriously affected by these postal difficulties, namely textiles and pharmaceuticals. Both these items are on the ACA restricted list and we have suggested that consignors of such goods shld despatch them under the *Warenbegleitscheine* system since in the event of such *Warenbegleitscheine* being disapproved, they will automatically be despatched by air-lift.

13. It is understood that the transport dept of the Senate has prepared a plan covering the imposition of a tax on east zone barges transitting the western sectors but that it has not yet been signed by the Regierende Buergermeister. It appears that although the Senate supported such a scheme in the first place they have been influenced by Erhard assisted by the shipping interests to take the line that Berlin's imports for stockpiling wld suffer very severely under Russian retaliation and they are now, therefore, lukewarm about the scheme. The commandants, however, are still of the opinion that the imposition of the proposed barge tax wld cause considerably more embarrassment to the eastern zone than to western Berlin or the federal area.

14. The tonnage of goods being presented for air-lift as a result of disapproved *Warenbegleitscheine* is slightly increasing. Daily outgoings are 120/130 tons, and the tonnage to Tempelhof awaiting despatch has now reached the figure of 483 tons. The total weight of goods flown out since the commencement of the air-lift amounts to 4,617 metric tons. Signed Gaugain, Chairman Secretary."

JONES

462A.62B31/9–1251 : Telegram

The Acting Secretary of State[1] *to the Office of the United States High Commissioner for Germany, at Frankfurt*[2]

SECRET PRIORITY WASHINGTON, September 15, 1951—11 a. m.

1835. Ref: 1. Bonn's 165 sent Fkft 237, Berlin 37, Paris 62, London 59, Moscow 13. 2. Berlin's 397 sent Fkft 476, rptd Bonn 172. 3. Berlin's 401, sent Fkft 480, Bonn 174, Paris, 143, Moscow 97.[3]

A. Dept regrets that countermeasures on East Zone barge and vehicle traffic not already in effect, since pressure of such measures wld in our view enhance considerably our chances obtaining satis from East. Western hesitance or vacillation has never gained anything from Sovs except more trouble. If agmt not reached between East and West Gers by Sept. 17, suggest you propose imposition soonest such measures (countertaxes of comparable magnitude on East Ger barges in West Berlin and engaged in interzonal traffic and on East Zone vehicles in FedRep).

B. Re proposed mixed Comite to investigate doubtful *Warenbegleitscheine* cases, wld not assurance re Western origin of goods be tantamount to certificate of origin requirement? Wld goods be held pending such assurances? We do not feel that we can in any way recognize right on part of Sovs or East Gers to stop or delay movement any goods West Berlin to West without our concurrence. Dept wld not however object to mixed Comite established to investigate illegal trade, provided only Western members could hold up movement goods from West Berlin to West.

D. [*sic*] Dept objects to road tax on grounds of (1) unreasonable magnitude, and (2) discrimination, since tax applicable only to FedRep and West Berlin vehicles. Since we regard point (1) as most important, we believe discriminatory aspects shld be removed if possible, but wld not insist settlement this portion issue if it remained only outstanding problem.

We feel, of course, that tax shld be reduced to maximum extent before sig agmt.

WEBB

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[1] Secretary Acheson was in Ottawa for the seventh session of the North Atlantic Council; regarding its meetings, see pp. 616 ff.

[2] This telegram, drafted by Rogers and Montenegro and cleared by Riley and Laukhuff, was repeated to Bonn, Berlin, London, Paris, and Moscow.

[3] None printed; they reported on a meeting of the Berlin Deputy Commandants on September 12 and on meetings between the East and West Germans on September 12 and 13 at which no progress was made. (462A.62B31/9–1251, 398.10–GDC/9–1251 and 462A.62B31/9–1351)

462A.62B31/9-1951 : Telegram

The Acting United States High Commissioner for Germany (Hays) to the Acting Secretary of State[1]

SECRET NIACT FRANKFURT, September 19, 1951—2 p. m.

2532. Re Bonn's 173 to Dept rptd Berlin 39, Paris 64, London 61, Moscow 14.[2] Acting High Commissioners met again Sept 18 and later conferred with Westrick, who was accompanied by Vockel, Kroll and Leopold, re IZT Agreement and Sov restrictions affecting Berlin.

Following discussions in these two sessions, agreement was reached to draft letter, which we understand will be submitted to AHC Council by Adenauer as soon as trade agreement has been signed. Draft prepared by designees, Acting HICOMs and Westrick following mtg, and agreed by Vockel and Leopold (FedRep designees), who stated they authorized commit FedRep, fols:

"1. I have the honor to inform you that the trade agreement between the areas of the DM (West) and the DM (East), which was initialed on 6th July 1951, was signed on (blank) by the reps of the Fed Govt and the Sov Zone auths. The rep of the Fed Govt made the fol oral declaration on the conditions which governed the attachment of his signature and on which the implementation of the agreement wld be based.

Warenbegleitscheine.

(*a*) *Warenbegleitscheine* submitted to the Sov Zone auths covering the shipment of certain specified categories of goods wld be stamped, it being understood that the West Berlin Senate wld have previously taken special measures to eliminate those *Warenbegleitscheine* where there was a justifiable suspicion re the legality of the shipment. No certificates of origin wld be produced.

(*b*) The small number of dubious cases remaining will be examined jointly by the Treuhandstelle and the Transitstelle, at the request of the latter.

(*c*) A refusal by the Sov Zone auths to stamp *Warenbegleitscheine* in a case on which, after joint examination, the Treuhandstelle continued to insist, wld be considered as an obstacle to normal traffic.

(*d*) The outstanding *Warenbegleitscheine* submitted but not yet acted upon, wld be returned, by the Sov Zone auths either stamped, or unstamped for processing under the new procedure.

Sov Zone Road Tax.

This tax wld be reduced to a level acceptable to the Fed Govt and the West Berlin Senate.

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[1] Repeated to Bonn, Berlin, London, Paris, and Moscow.

[2] Not printed; it reported on a meeting of the Deputy High Commissioners and Federal Republic representatives on September 17, at which it was agreed that the High Commission would be given a written statement from the head of the Federal trade delegation setting forth the conditions under which he had agreed to sign the interzonal trade agreement. (462A.62B31/9-1751)

Other Measures.

The Fed Govt rep noted the assurance given by the rep of the Sov Zone auths that restrictions on traffic between West Berlin and West Ger wld be lifted on the signature of the trade agreement and that this applied also to the Rothensee ship lift, confiscations, and interference with parcel post.

The Fed Govt rep called attention to the ltr given by the rep of the Fed Govt to the rep of the Sov Zone auths, 6 July 1951,[3] stated that the terms of this ltr still applied, and reaffirmed that in the event of obstacles being placed in the future in the way of West Berlin's normal train and traffic, the Inter-zonal Trade Agreement wld be suspended.

2. It was understood by the Fed Govt rep that the above conditions were acceptable to the Sov Zone signatory. At the time this oral declaration was made, he raised no objections to the conditions stipulated.

3. The Allied HICOM will be kept informed by the Fed Govt of important cases involving difficulties coming before the Treuhandstelle and will be consulted on these cases before final decisions are taken."

Acting US High Commissioner expressed agreement text draft ltr to Berard, chairman of mtg. Ward stated he unable authorize signature agreement or approval draft prior conferring Kirkpatrick, altho we aimed at securing agreement entire letter by night of 18th or morning 19th.

Approval Acting US HICOM given draft and procedure envisaged on proposition it will give Sovs opportunity demonstrate whether they in fact intend facilitate normal IZT and demonstrate good faith re restrictions; or, conversely, to ascertain if they propose continue general harassing tactics for purposes broader polit strategy. Leopold only source of info that points set forth in proposed ltr were actually discussed with Orlopp and are accepted by him. It is quite possible that when oral declaration is made as condition of signing Orlopp will interpose objections which will prevent signature. Otherwise, understanding is that, securing agreement UK HICOM, agreement will be signed within next day or so. Berard has indicated he already authorized approval signature without ref Paris.[4]

HAYS

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[3] Not found in Department of State files.

[4] On September 20 McCloy reported that the text of the letter subject to minor textual changes had been agreed by the High Commission, Reuter, and the Federal Republic and that the trade agreement would be signed in Berlin on September 20 or 21. (Telegram 2591, September 20, 462A.62B31/9–2051)

462A.62B31/9–1951 : Telegram

The Acting Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET PRIORITY WASHINGTON, September 20, 1951—2 p. m.

NIACT

1932. Reurtel niact 2532, rptd info Bonn 140, Berlin 145, Paris 178, Moscow 24, London 192.[2]

A. Dept seriously concerned course of action outlined reftel:

1. It is not at all certain as yet conditions attached to sig are acceptable to East. Mere absence objections on part of Orlopp at time signing wld not, in Dept's view, clearly signify his acceptance of conditions.

2. In event it later becomes nec to suspend agmt, Western position wld appear weak in absence written statement to East Gers of conditions FedRep attaches to signature and to continued implementation of agmt.

B. Consequently, Dept feels strongly, agmt shld not be signed unless

1. Orlopp's acceptance of conditions attached by West to sig agmt is clear (whether written or oral);

2. FedRep statement to Orlopp at time of sig be made in writing.

C. Suggest this be discussed with McCloy, who was present at FonMins discussion this subj.

WEBB

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[1] This telegram, drafted by Rogers and cleared by Lewis, Calhoun and Riley, was repeated to Bonn, Berlin, Paris, London, and Moscow.

[2] *Supra.*

462A.62B31/9–2251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State [1]

SECRET NIACT BONN, September 22, 1951—noon.

188. Re your tel niact 1932 to Frankfort,[2] regret signature of trade agmt took effect prior to receipt of this tel.

Course of action adopted was influenced by fol: It was impressed upon us that Adenauer, Heuss and Reuter personally attached greatest importance to securing prompt sig and on their behalf we strongly recommended sig unaccompanied by any statement either oral or written except a reminder of the ltr given to Sov Zone auths on 6 July

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[1] Repeated to Frankfurt, Berlin, London, Paris, and Moscow.

[2] *Supra.*

1951 which provided for a suspension if obstacles were in future placed in way of West Berlin's normal trade and traffic.

Basis of argument by Gers was.

(*a*) Important for West, especially delivery of brown coal to West Berlin;
(*b*) Sovs doubtful of Allies' desire to sign trade agmt even if restrictions lifted;
(*c*) Once agmt signed and flow of trade commences, Sovs wld be less willing to impose restrictions which wld cause suspension of trader. Fr, (particularly Berlin element) backed Ger position.

Altho US and UK were not overly impressed by Ger arguments, nevertheless they wished to avoid such a rigid position as to antagonize Ger auths, as it was becoming apparent that Sovs were aware of lack of unity on this issue between US and UK and Ger and Fr, and wld not be likely to yield as long as this divergence of view existed.

In US–UK view, it was more essential to reach agmt between Allies and Ger Fed Rep and Berlin auths on the conditions which wld warrant a suspension of the trade agmt, than it was to hold out for some oral or written statement by Orlopp which probably wld not clearly define these conditions. As practical matter, we place little trust in Orlopp's ability to live up to any commitments if Sovs decree otherwise.

Re: para B–1 ref tel, during discussions Acting HICOMs with Gers including Leopold who had actually been involved in the negots with Orlopp, Leopold specifically and repeatedly assured us that each point contained in proposed Adenauer ltr had been discussed with Orlopp previously and that Orlopp had in these discussions explicity given assurance of East Zone Govt. During discussion Orlopp understood to have been frequently in touch with Grotewohl. Furthermore, Acting HICOMs were given flat assurance by Gers including Leopold that in addition to prior agreement these conditions, Leopold wld again orally state them before signature. Our understanding is that this was done and that Orlopp did indicate acceptance.

Re: B–2 ref tel we believe Western position in event need to suspend agmt is as strong as cld be attained since the conditions have been repeatedly gone over even though orally. They have been passed on to Soviets and by medium of Ger newspapers have been generally made public knowledge. Furthermore as press release given out by Fed Rep Sept 20 at Bonn clearly indicated that agmt signed on understanding no further imposition restriction West Berlin normal trade and traffic and that its implementation wld depend upon compliance this understanding.

At mtg of Sept 17–18, Acting HICOMs spent several hours with Gers on precise joint written statement. Gers held to position impossible secure mutual written document at time of signing and expressed conviction they cld not conclude negotiations on condition their statement be made in writing, in view particularly Sov loss of face which this wld involve.

We believe that final result, including difficult question covered after extremely difficult negots not only with Gers but Brit and Fr as well, para 1–C draft letter, our tel 2532, is best that cld be obtained. As for the Sovs and East Gers, we feel that if they wish to reimpose restrictions, they will do so regardless any promises or commitments, but at least they are warned of the consequences of such action.

Incidentally we have just learned from Leopold in Berlin that substantial reduction autobahn fees went into effect 1600 Sept 21; that discussions for monthly delivery during next three months, 170,000 tons brown coal briquettes to West Berlin from Sov Zone proceeding satis, and that new procedure for handling *Warenbegleitscheine* will be effective on Sept 24.

McCloy

462A.62B31/9–2951 : Telegram

The Director of the Berlin Element of HICOG (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY BERLIN, September 29, 1951—5 p. m.

592. Fol summarizes present situation re elimination by East authorities of various types harassment Berlin trade subsequent to signature IZT agreement.

1. *Warenbegleitscheine.*

No substantial improvement in *Warenbegleitscheine* matter since signing of IZT agreement. While no *Warenbegleitscheine* have been rejected since signature, backlog awaiting action has increased from 3203 on Sept 20 to 6040 on Sept 29. Hesse of West Berlin Senat met with Rue, Chief East Ger Transitstelle Sept 27 re question and obtained no satisfaction. Rue disclaimed any knowledge of new arrangements for handling *Warenbegleitscheine*. On Sept 28, no *Warenbegleitscheine* were returned stamped. Leopold of Treuhandstelle met with Freund acting for Orlopp Sept 28, and protested in strongest terms failure on part of East to correct *Warenbegleitscheine* situation. Freund expressed surprise at lack of improvement in situation. He stated he wld pursue matter on his side, and expressed his conviction that situation wld be normalized within next week. Leopold feels delay in returning *Warenbegleitscheine* of about five days and backlog of about 3,000 shld be considered normal.

2. *Autobahn tax.*

East Zone autobahn tax on Sept 21 was reduced as previously agreed. Receipt must now be shown at crossing point on return trip but no further payment is required. Not yet clear that receipt indefinitely valid for return trip, since it contains no reference to it. There have been rumors that only a ten-day period permitted without additional tax payment. No truckers known to have been required to pay second time on completion of round trip.

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[1] Repeated to Washington and Bonn. The source text is the copy in the Department of State files.

3. *Parcel post.*

East Zone authorities still interfering with parcel post shipments in spite of general assurance given at time of signing of IZT agreement and despite specific assurance given by Orlopp to Leopold on Sept 22, 1951. This discussion occurred after Leopold had protested continuing interference and Orlopp had discussed with Sov auths. The latter agreed according to Orlopp that interference wld stop and specified that no objection wld be raised to weight of packages between 7 and 20 kilos or to commercial shipments on ground they lack *Warenbegleitscheine.* In mtg with Leopold Sept 28, however, Freund indicated question wld have to be settled in connection with Sov letter of Voronichev to Donodson HICOM Sept 18 (ref Frankfort's 166 Sept 28, rptd Dept 2815 [2]). Leopold stated to us Sept 29 he now believed settlement of this question cld only be reached through Allied negotiations with Sovs, and added he considered Sov position hard to refute.

There has been appreciable statistical improvement in parcel post situation beginning several days prior to actual signing IZT. Backlog of outbound cars in Berlin declined from high of 92 on Sept 7 to 14 on Sept 15, and by Sept 19 had been completely cleared up. Backlog rose again to 10 on Sept 21, was cleared again on Sept 24, and has remained so since.

4. *Rothensee shiplift.*

East Zone press sources have stated shiplift will be opened before canal freezes, which is usually mid-Dec. Orlopp also informed Leopold that parts necessary for repair have been ordered from West Zone manufacturers, but declined to name these firms or further identify orders. Senat officials believe this installation is actually now in good shape and cld be opened promptly.

5. *Confiscations.*

One case of confiscation has arisen since the signing of IZT agreement. Berlin firm had shipment of 17 tons aluminum alloy ingots stopped at Marienborn Sept 26. Seizure reported to have been made on grounds that production of aluminum prohibited in Berlin and firm informed that Berlin city govt (presumably East sector) wld confiscate shipment. Freund told Leopold reason originally given for confiscation found to be in error and shipment being held for clarification. Case illustrates importance question as firm involved has only Western markets and now forced to shut down operation and release 50 employees.

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[2] Not printed; it reported McCloy's belief that negotiations concerning improvement in the parcel post situation should be left in German hands for the present. (462A.62B31/9–2851) A copy of the letter from the Chief of the Transport and Communications Division of the Soviet Control Commission, Voronichev, to the Chief of the Transport Division of the United States High Commission for Germany, Donodson, is in the Berlin Mission files, lot 66 F 110, Soviet letters, 1951.

6. *General conclusions.*

We feel that while some action has been taken by Eastern auths to reduce harassment of Berlin's external trade, Eastern auths certainly did not take prompt and effective action to carry out their commitments upon signature of IZT agreement. One possible explanation of their failure is suspicion which may still prevail in Sov HDQS that Allied auths, despite signature of IZT agreement, do not intend to permit its implementation. Although such suspicions unjustified, we informed they were strongly expressed Sept 27 by Sov Zone reps during mtg with Treuhandstelle reps in Frankfort and again Sept 28 in Berlin.

We believe that if promulgation of Berlin IZT legislation is now carried out, as ordered by AHC, this shld be a clear enough indication of Western good will. Meanwhile Treuhandstelle reps are stressing to Sov Zone auths that the latter are playing a dangerous game and that Western Powers take most serious view failure thus far to eliminate harassments to Berlin trade.

From the political point of view we believe that continued serious harassment of Berlin trade is inconsistent with present Sov propaganda line on Ger unification and that this factor may tend to bring Sov compliance with conditions set at signing of IZT agreement.

JONES

462A.62B31/10-2451 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State [1]

SECRET PRIORITY BONN, October 24, 1951—7 p. m.

264. From AGSec. Ref: Bonn to Dept 246 rptd Frankfort unnumbered, Berlin 60, Paris 97, London 89 of 18 October; Berlin to Frankfort 702, rptd Dept. 604 of 19 October; Dept to Frankfort 2532 rptd Berlin 166, Paris 2342, London 2117; Frankfort to Dept 3341 rptd Berlin 185.[2]

Fol is summary report mtg HICOMs with Erhard on Berlin and East-West trade situation, held Bonn-Petersberg, 24 October.

Kirkpatrick opened meeting by detailing way in which situation with regard to *Warenbegleitscheine*, parcel post, road tax, ship lift, barge traffic, etc, had deteriorated since signature of IZT agrmt. He said West Gers had given Allies impression that if they left West Gers to deal with East Zone on trade matters greater progress could be made. However, in two recent cases of friction with East Zone and Sovs over Steinstuecken and East-West trade, Allied CDTS appeared to have achieved results with GDR on Steinstuecken, whereas under

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[1] Repeated to Frankfurt, Berlin, London, Paris, and Moscow.

[2] None printed; they reported various aspects of the deteriorating situation with regard to access to Berlin and the Department of State's hope that the British and French would take a firm stand on the violations of the conditions laid down for fulfillment of the interzonal trade agreement. (462A.62B31/10-1851, 962.50/10-1951 and 862A.2552/10-2251)

Fed Govt handling there had been continued deterioration in trade situation.[3] He then asked Erhard for his views and report of yesterday's Düsseldorf mtg.[4]

Erhard admitted there was great disappointment on West Ger side on trade developments. He agreed WBS and parcel post situations were bad and that Sovs were apparently sabotaging opening up of Rothensee ship lift. On road tax he said Fed Rep considered arrangement was tolerable and that there had been no deterioration. He said that negots at Düsseldorf had been satis, at least from point of view that agmt was reached on schedule of deliveries for iron and steel products. As to brown coal deliveries, agmt had been initialled but not yet signed and all that West delegation could do now was to wait and see what steps East Zone would take to implement agmt. He believed that East auths and Sovs attached great importance to iron and steel deliveries and now that requirements had been put in concrete form there would be greater inducement for East Zone to make good on its part of agmt. He then said that in his opinion West Gers and Allies should wait one more week before taking final decisions on counteraction, but should agree today what these decisions should be.

I said that I thought there should be no further delay and that West Gers should make it clear now that nothing further would be done to implement trade agmt until WBS situation was cleared up.

Upon questioning by Kirkpatrick and me, Erhard then said: (*a*) that he had issued instructions that no further rolled steel products were to be delivered by West to East until conditions on which IZT agmt was signed were fulfilled; (*b*) that it had been made plain to East Zone reps at preliminary meeting yesterday that no deliveries of rolled products would be made until WBS and other outstanding questions were satisfactorily settled; (*c*) that East Zone reps had recognized gravity of this announcement and had contacted their superiors in Berlin about it yesterday. He had hoped to hear results of this contact before this morning's meeting, but as yet had had no word from Berlin.

Poncet said Allies in signing trade agmt had demonstrated goodwill which had not been reciprocated by Sovs and that sitn could not continue on this basis. However, he wondered why, if effect of East restrictions had been to stifle Berlin trade, there had not been bigger reaction from Berlin firms. He also suggested reason Russians were returning *Warenbegleitscheine* unstamped en bloc was because West Berlin firms were submitting two or three applications to cover same goods. Kirkpatrick then made point that Berlin economy had not felt effect of restrictions because of contributions made by Berlin air freight service and added that, in his opinion, if Gers continued to feel they should manage the trade sitn alone, Allies should discontinue air lift at once. He then asked whether at Düsseldorf meeting West Gers had taken up with East reps fact that there had been no common examination of doubtful WBS between Treuhandstelle and Transitstelle. Erhard replied that this and all other outstanding questions had been taken up at prelim meeting. He then added that on Ger side trade difficulties had never been regarded as solely German or Allied problem, but common problem. Fed Govt merely felt that if negots could be confined to Gers and questions of polit prestige which affected Allies kept out of picture, there was better chance of solution.

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[3] Regarding the occupation of Steinstuecken by police from the "German Democratic Republic" on October 18, see memorandum of conversation, October 22, p. 1954.

[4] A reference to negotiations at Düsseldorf between East and West Germans concerning an agreement on iron and steel deliveries from West Germany under the interzonal trade agreement.

I agreed that treating matter as common problem was right attitude, but said that unfortunately articles in press had given impression that there was real difference of view between West Gers and Allies as to attitude to be taken up against Sov encroachment and restrictions Kirkpatrick and I both then emphasized necessity for completely united front between Allies and West Gers on measures to counter East Zone restrictions.

After further discussion, mtg agreed: (*a*) that there would be no further deliveries of rolled products either under the trade agmt or the vorgriff until East Zone auths were satisfactorily fulfilling conditions for signature of agmt; (*b*) that, if in a week these conditions had not been fulfilled, balance of trade under trade agmt would be suspended; (*c*) these points would also be taken up with Chancellor at meeting 25 October.[5] Meeting also agreed to issue following press communique: "HICOMs and Fed Min of Econ met this morning to consider question of continued obstacles to Berlin trade. Dr. Erhard made statement on negots at Düsseldorf which took place with East Zone reps. Unanimous agmt was reached that implementation of interzonal trade agmt must depend on settlement of problems of Berlin trade and communications."

[AG Sec]
McCloy

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[5] No record has been found in Department of State files that the points under reference were discussed with Chancellor Adenauer on October 25.

462A.62B31/10-3051: Circular telegram

The Acting Secretary of State[1] *to the Office of the United States High Commissioner for Germany, at Frankfurt*[2]

SECRET PRIORITY WASHINGTON, October 30, 1951—6:41 p. m.

402. Ref (*a*) Bonn's 246, Oct. 18 rptd info Berlin 60, Paris 97, London 89, Fkft unnumbered. (*b*) Bonn's 264, Oct 24. Rptd info Fkft 384, Berlin 64, Paris 103, London 94, Moscow 20. (*c*) Bonn's 276, Oct 26. Rptd info Fkft 396, Berlin 67, Paris 108, London 99, Moscow 22. (*d*) Berlin's 633, Oct 27, sent Fkft 734, rptd info Bonn 307, Paris 202, London 124, Moscow 138.[3]

Dept concerned over reftels, from which it appears West Gers during discussion with HICOMs had no intention taking strong measures against East, since they apparently intended stopping deliveries raw materials only and not rolled products (not clear what "raw materials" includes but Dept assumes rolled products needed more urgently). Further appears as of Oct 27, no deliveries to Sov Zone had in fact been prevented.

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[1] Secretary Acheson was on route to Paris for meetings with Schuman and Morrison; for documentation on their meetings, see pp. 1312 ff.

[2] Repeated to Bonn, Berlin, Paris, London and Moscow. This telegram was drafted by Rogers and cleared by Laukhuff, Montenegro, Riley, and Hillenbrand.

[3] Telegram 246, not printed, but see footnote 2, *supra*. Telegrams 276 and 633, not printed.

Dept can see no grounds for FedRep's apparent thinking West has yet to provide sufficient proof our willingness implement agreement, nor does it agree with Br attitude this problem shld be left to Gers for better or worse as though only Gers wld suffer consequences. Dept is not altogether clear what specific actions on part of East wld be considered by HICOG as satis compliance with Sept. 20 conditions. We doubt, in any event, we are going get more from East than they are forced give, and at present juncture they do not appear forced give much of consequence.

West Gers weak reaction to failure on part of East to carry out conditions agreed to at time sig IZT appears to us a repetition of May and June, when Western countermeasures to certificates of origin requirement were very slow forthcoming.

Complete and immediate cessation of goods movements prob wld provide sufficient ult pressure on East force satis compliance. This is apparently in line with your own thinking, and consequently, we hope you will continue make strong effort bring this cessation about soon as possible if situation does not improve satis. Furthermore, we suggest consideration of restrictions on Sov Zone barges short time thereafter, if first measures do not suffice.

We recognize this course action involves dangers for West and that this is not best time of year for West to invite new trade-transport conflict. We have no way knowing how long East may decide resist our countermeasures and we realize it will prove difficult hold united front during cold months. But alternative of giving in to East at this time appears to Dept involve greater and more serious dangers.

WEBB

462A.62B31/11-351 : Telegram

The Director of the Berlin Element of HICOG (Lyon) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET BERLIN, November 3, 1951—2 p. m.

784. Ref Deptcirc 402,[2] Berlin trade difficulties and suspension IZT agmt. We believe now nec survey our posit carefully in view East Zone negotiators reported categorical rejection conditions attached by West to implementation IZT agmt and statement that matters touched

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[1] Repeated to Washington, London, Paris, Moscow, and Bonn. The source text is the copy in the Department of State files.

[2] *Supra.*

by these conditions must be handled on Allied level. We believe it also nec to determine a considered plan on basis facts and possibilities open to us and not act on day-to-day or emergency basis in response to Sov actions. Of various issues relating Berlin's trade and communications, fundamental one is *Warenbegleitschein* question and Sov insistance on proof of origin of goods as conditions of approval. Autobahn tax question arose later, its settlement was made by HICOM on condition of signing IZT agmt, and FedRep, according Erhard, consider East Zone reduction tolerable. Both questions, Rothensee shiplift (now open) and parcel post interference, though old issues antedating current difficulties and conceivably separable from them, were conditions for signing IZT. Question parcel post interference from practical point of view subsidiary issue since, if *Warenbeglietschein* question satis settled, goods rejected for parcel post cld be shipped as freight under *Warenbegleitschein* system.

When proof of origin issue arose Cdts here forbade submission such proof to Sov auths either by Senate or by individual firms. Berlin Senate has complied wth Cdts order and firms by and large have likewise complied. However, compliance by firms in present circumstances may mean substantial fin loss to them and depends almost entirely their sense loyality to West and their willingness comply with Cdts instrs. We believe in practice nothing can prevent them from supplying evidence of origin to Sovs voluntarily if they choose, and detection wld probably prove difficult.

Under arrangements worked out by occupying West powers, commercial airlift was established to assist in export from Berlin of goods held up by Sov denial of *Warenbegleitscheine*. Even though this airlift has not been maintained at its originally planned level of 100–120 tons daily, it has transported in Sept and Oct from 20 to 30 per cent by value of Berlin's total exports to West, including exports to FedRep. But with seasonal increase of trade, decline of *Warenbegleitschein* approvals, and rapid exhaustion of firms supply of *Warenbegleitschein* approved earlier, Berlin firms are faced with serious situation unless capacity of airlift is increased and some provision made for transport of heavy goods not suitable for shipment by aircraft now in use or not eligible for airlift under present criteria.

Control of interzonal trade our most powerful, if not our only, immed available weapon. As Berliners econ interests are at stake, appears to us we can expect wholehearted cooperation in support our position provided we give concrete evidence of doing what is in our power to protect those interests.

Fol assessment of possibilities open to us is made with foregoing analysis in mind. We think that gen policy represent Berlin trade difficulties shld be: (*a*) Firmness and solidarity of West in act and appearance with respect to suspension of interzonal trade agmt until at least basic *Warenbegleitschein* issue satis settled; (*b*) adoption of immed measures to provide regular and adequate brown coal supply from West. Fact of Berlin's low stocks undoubtedly known to East and may account for their unyielding position; (*c*) immed strengthening of airlift to care for Berlin's exports to West, with special provision for transport of goods not suitable or not eligible for present airlift (reftel Berlin to Dept 650, Fkft 755, Bonn 319 Oct 30 [3]); (*d*) pressure for organized action in FedRep and in NATO countries to prevent East Gers or Sovs from obtaining, either legally or illegally, goods which they seek to obtain from FedRep under IZT agmt.

Re possibility restricting barge traffic, we point out that restriction DDR trfc may prove ineffective since canals will probably be frozen in about six weeks and East Zone by-pass will probably be open next spring. Although barge restrictions have proved effective Western weapon in past, it might be more to our advantage at moment not to risk retaliatory restrictions our own barge trfc which still has possibility for increase of coal deliveries to West Berlin. (See para (*b*) above.)

With ref to airlift and measures to maintain deliveries of Berlin's exports, we point out that some measures of this kind are nec to prevent West posit Berlin collapsing due to gradual desertion by individual Berlin firms. Shld such firms under pressure of econ necessity decide individually to supply Sovs evidence of origin they require in order to obtain *Warenbegleitschein*, Cdts wld be faced with alternatives either winking at flagrant disregard their orders or attempting enforce by punishment; in either case result wld be loss their prestige and authority and loss of West Berlin confidence in Allies. Shld no adequate provision be made to move exports, econ pressure on firms may be heavy and almost irresistible.

Airlift capacity nec to move outgoing goods, while greater and more expensive than present airlift, very much less than capacity required for incoming goods in case of blockade.

Finally, some assessment must be made of possibilities of success in policy outlined above. In our view these depend on two things:

(*a*) East Zone's need for products they wld obtain under IZT agmt, and their ability to obtain them elsewhere;

(*b*) Sov decisions on question whether their own polit prestige and auth are too deeply engaged to allow retreat, and on usefulness Berlin question to them in wider field diplomatic bargaining.

These questions appear completely independent of each other since Sovs may prevent DDR yielding regardless econ cost to latter. Considered in purely econ terms, possibility East procurement essential items indirectly, from third countries, or via illegal channels, may indicate skeptical views; yet DDR may be already hard-hit by denial steel and machinery from West and Sovs may permit yielding under pressure if econ considerations dominant and West remains firm.

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[3] Not printed; it reported that the Berlin Commandants agreed with the recommendations of their Economic Advisers stating the need for an increase in the capacity of the airlift. (462A.62B31/10–3051)

LYON

398.10–GDC/11–851 : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Secretary of State [1]

SECRET PRIORITY BONN, November 8, 1951—1 p. m.

346. Verbatim text. AGSec from Slater. Fol is summary report council meeting held Bonn-Petersberg 8 Nov with McCloy (US) chairmen, Poncet (Fr) and Kirkpatrick (UK).

1. *Berlin and East–West trade situation.*

(Ref Dept to Frankfort 2869, rptd Bonn 220, Berlin 182, Paris 2746, London 2395, Moscow 326 of 6 November; Bonn to Dept 308 rptd Frankfort 430, Berlin 70, Paris 123, London 11, Moscow 23 of 2 November [2]).

I gave colleagues fol report my meeting with Chancellor and Erhard this subject on 7 November.[3] I had opened meeting by referring to unsatisfactory developments in Berlin trade sitn recent weeks and proposing that Fed Govt immediately stop all shipment of those goods in which East is particularly interested, i.e., iron and steel products (including pig iron, rolled products, sheets and miscellaneous, machinery (broadly defined to include vehicles, shipbuilding, etc.), chemicals and rubber. (This was maximum position which Kirkpatrick and Poncet wld agree to at informal meeting of HICOMs held prior to my interview with Chancellor and Erhard).

Erhard then said that during past few days number of favorable developments had taken place: approx 1,000 wbs. had been returned on November 6 properly stamped, there had been no interference with parcel post last few days, blocked freight cars had been returned, Rothensee ship lift and autobahn tax situation had been satisfactorily settled. Furthermore, Orlopp had just told FedRep reps in Berlin that he could resume discussions. Erhard felt these developments were clear indication of positive change in tactical position of Russians and in view of this Fed Govt and Berlin authorities thought it unwise at this time to provoke Soviets.

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[1] Repeated to Berlin, Frankfurt, London, Paris, and Moscow.

[2] Neither printed; telegram 308 from Bonn reported on a meeting between the Deputy High Commissioners and representatives from Berlin and the Federal Republic on November 2 at which Allied concern was expressed over the lack of unity between the Germans and the Allies on the question of the trade agreement; telegram 2869 to Frankfurt stressed that the question of unity should be taken up with Adenauer along with suspension of goods movements into the Soviet Zone. (462A.62B31/11–251)

[3] An unsigned record of McCloy's meeting with Adenauer and Erhard is in the Bonn Mission files, lot 311, D(51)1785.

I then pointed out that, nevertheless, overall situation remained unfavorable to West and stressed that procedure for examination doubtful cases of WBS by Treuhandstelle and Transitselle had never been put into effect and that I regarded this as satisfactory solution of WBS problem. Allies and West Germans could not allow Russians to play cat and mouse game with them on this problem or get involved in another series of discussions a la Kaesong or Palais Rose.[4] It was to our advantage, I said, to bring matters to a head now with East Zone authorities and Soviets and get trade restrictions cleared up while UN assembly was in session in Paris, because Soviets wld not want it thrown in their teeth at Paris that they were making difficulties in Berlin at variance with their peace propaganda.

In reply to question from Chancellor and in line with position previously agreed at informal meeting of HICOMs, I said that present commercial airlift wld rapidly be increased from present 93 tons per day to 150 tons. Such increase, I told him, wld of course mean using up DM 20 million of JEIA funds by early February rather than end of April, and wld also increase conversion liability of Fed Govt beyond $650,000 per month now agreed upon. However, before increase in airlift cld be agreed to there wld have to be clear demonstration of need, in view unfortunate experience when present airlift service was initiated. In any event no increase in airlift cld be contemplated *before* Fed Govt had initiated countermeasures. In meantime possibility of using some mil aircraft in an expanded airlift wld be explored. (Request Dept's view this point). I also indicated that if effective countermeasures were taken HICOM wld be willing to recommend to three govts that all NATO countries shld be requested stop shipments to East Zone of commodities mentioned above.

At conclusion meeting it was agreed that if by Monday 12 November handling of WBS in Berlin remained unsatisfactory, Fed Govt wld put fol countermeasures into effect: (*a*) no WBS wld be issued or revalidated for iron and steel products, machinery (both as defined above), chemicals and rubber, (*b*) revalidated Vorgriff WBS covering these products wld be revoked to large extent.

Since discussion with Erhard after meeting showed there might be some misunderstanding as to interpretation this agrmnt, I proposed today and council agreed that I shld send letter to Chancellor today (*a*) pointing out that Fed Govt had agreed to institute countermeasures on 12 November unless satisfactory solution to WBS problem had been obtained; (*b*) making it plain that satisfactory handling WBS situation means fulfillment of conditions contained in Chancellor's ltr of 21 September in paras (*a*), (*b*) and (*c*) (see AGSec/memo (51) 41 [5]); (*c*) fixing meeting of HICOM econ advisers and competent Fed Govt reps on 12 November to review situation; (*d*) informing Fed Govt that their reps are to bring to meeting on 12 November list of revalidated WBS to be revoked, which econ advisors will then review to ensure that list is adequate.[6]

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[4] For documentation on the Four-Power Exploratory Talks at Paris, March–June, see pp. 1086 ff; for documentation on the Korean armistice negotiations at Kaesong, see volume VII.

[5] Not printed; Adenauer's letter, designated 313–04 II/10894/51 was attached to AGSec/Memo(51)41 in the Bonn Mission files, lot 311, D(51)1419.

[6] A copy of McCloy's letter to Adenauer embodying these points, dated November 8, is in the Bonn Mission files, lot 311, D(51)1667.

During council discussion Poncet said there was apparent desire on part of Soviets for four power negotiations on trade and communications restrictions and he felt Allies shld make some response to this desire. He suggested that deputy HICOMs, in connection with correspondence they have been having with Soviet authorities on marking of railway cars, might indicate to Sovs that Allies are always ready to "discuss this and other outstanding problems". I said we had not as yet had any direct indication from Soviets that they were prepared to enter into four power discussions on trade and communications restrictions. Allies had only had a report to this effect from Ger trade delegation. Kirkpatrick said he thought it wld be mistake for Allies to initiate such discussions, as whenever Soviets thought we were anxious to take up subject they invariably raised their terms for agrmnt. He suggested and council agreed to wait until after 12 November to discuss this matter further.[7]

[Here follows numbered paragraphs 2–8, which reported on the High Commissioners discussion of the financial relationship between Berlin and the Federal Republic, controls on electronic tubes, AHC Law on possession of sporting weapons, legislation on monetary reforms, policy with regard to war criminals, activities of former SS groups, and the date of the next Council meeting.]

[SLATER]
MCCLOY

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[7] At the meeting between the High Commission Economic Advisers and representatives of the Federal Republic including Kaiser, Vockell, Leopold, and Westrick on November 12 the German officials admitted that Soviet harassment of Berlin created an unsatisfactory condition, but they maintained that countermeasures should be taken only if preceded by an increased airlift (462A.62B/11–1351). This was reported to the Allied High Commission which on November 16 agreed to increase the daily tonnage to 210–240 tons. (Telegram 396 from Bonn, November 16, 398.10 GDC/11–1651)

398.10–GDC/11–1651 : Telegram

The Acting Secretary of State to the Office of the United States High Commissioner for Germany,[1] at Frankfurt [2]

SECRET WASHINGTON, November 21, 1951—7:28 p. m.

3124. Re Bonn's 396 Nov 16 rptd Frankfort 481, Berlin 78, Paris 163, London 135, Moscow 26 [3] and other msgs on interzonal trade. 1. Dept unclear as to exact movement of goods between FedRep–West Berlin and Sov Zone between now and Nov 30, but assumes there will be no substantial trade thereafter. Pls confirm and indicate nature and estimated volume any continued IZT. We concur your belief that to effect trade embargo as completely and as soon as possible remains our best move at this time, since it provides maximum economic pressure which can be exerted from within Ger. We agree with opinion present situation might have been considerably improved if complete cessation of goods movements from Western Germany to Sov Zone had been achieved for longer period during summer and fall. We tend toward opinion that under present circumstances such cessation wld be likely to bring about removal Sov restrictions unless high level Sov decision had been made to proceed with full blockade regardless econ and political consequences.

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[1] McCloy was in Paris for discussions with the Western Foreign Ministers on Germany; for reports on their meetings on November 21 and 22, see pp. 1312 ff.

[2] This telegram, drafted by Rogers and Montenegro and cleared with Lewis, Calhoun, WE, BNA, and EDS, was repeated to Bonn, Berlin, Paris, London, and Moscow.

[3] Not printed; but see footnote 7, *supra*.

FYI, we are prepared to give you strong support with Br and Fr FonOffs to bring about embargo or to maintain it once established, and HICOG is authorized to take any steps it considers necessary and advisable to effect trade cessation. We will cable shortly re your desire approach other Western countries in this regard.

2. We are not inclined accept theory expressed earlier that Sovs doubt Allied intentions carry out IZT agmt even if all Eastern restrictions lifted. In view this possibility, however, and in view gen FedRep and Fr softness this point, useful purpose cld perhaps be served by having Berlin CMDTs inform Sovs in writing *concurrently with or immed after complete stoppage of trade* along fol lines:

a. Allies and FedRep are prepared and intend permit implementation IZT agmt except as Sovs or East Gers may create situation rendering this impossible;
b. Failure of East to permit free trade and traffic between West Sectors of Berlin and FedRep and foreign countries has created situation in which IZT agmt cannot be implemented, due to necessity of protecting economies of West Sectors of Berlin and FedRep.

Purpose suggested letter wld be present above information re Allied intentions directly to Sovs but not to inaugurate quadripartite discussions. Transmittal proposed letter shld not lag behind embargo imposition to extent that Sovs cld first retaliate or cld misconstrue letter as overture stemming from weakness. Suggest letter not be released to press unless subsequent developments make this desirable.

3. We agree position Berlin's tel to Bonn 353 Nov 13[4] that we shld in no event take initiative for quadripartite talks at this time. Shld Sovs take initiative in proposing talks, we believe nature approach, timing and circumstances wld have to determine Western response and Dept wld reserve judgment until such eventuality arises.

4. Pls give Dept your reaction suggested letter soonest.

WEBB

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[4] Not printed.

462A.62B31/12–151 : Telegram

The Acting Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn[1]

SECRET WASHINGTON, December 4, 1951—6:05 p. m.

PRIORITY

514. Reurtels 580 Nov 30, and 582 Dec 1.[2]*a*. Dept appreciates full reporting recently on IZT negots, but we are much concerned over holes in Western embargo dike which are apparently already developing. In our view, any exceptions to embargo (unless clearly warranted by most exceptional circumstances), even though themselves not of primary importance to East, give East an indication that Western position is not so immovable that further concessions cannot be obtained. This has proved all too true in past. We will not even approach solution to this Berlin problem, Dept feels, until we have been able to exert full economic pressure and until East concludes that such pressure will continue and cannot be largely negated by so-called small exceptions. We had intended our phrase in Deptel to Bonn 385[3] "HICOG is authorized to take any steps it considers necessary and advisable to effect trade cessation" to include at least referring undesirable FedRep proposals to HICOM council and govts if necessary to prevent their acceptance. This authorization continues.

Under present circumstances, we feel FedRep proposal to extend WBS for "about DM 3 millions" likely to nullify for considerable period effectiveness embargo, for reasons given above. Exception for water pipe, if used to combat typhoid and if balanced by equivalent brown coal deliveries to Berlin, may in our view be permissible. (We should of course take full propaganda advantage this transaction). What are probable counter-deliveries for DM 3 millions and for fish? Wld not excepting fish from embargo enable East to hint that recent widespread advertisements by fish handlers in KPD press (Bremen Des 229[4]) resulted in exception?

On the possibility that chance remains for reversal FedRep position re extension WBS and since we fear that further FedRep concessions cld altogether nullify effect embargo, suggest matter be taken up with Chancellor either unilaterally or thru HICOM, immed upon his return,[5] since Chancellor has appeared much more in sympathy with larger issues of this problem than Erhard or working level reps

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[1] This telegram, drafted by Rogers and Montenegro, and cleared with Riley, Hillenbrand, Olson, and EDS, was repeated to Berlin, London, Paris, and Moscow.

[2] Neither printed; they reported on meetings between Federal Republic officials and representatives of the High Commission during which the Germans requested extension of trade between the zones until December 31 and asked particularly for *Warenbegleitscheine* for shipments of steel, machinery, chemicals, rubber, and fish. (462A.62B31/11–3051 and 12–151)

[3] Same as telegram 3124, *supra*.

[4] Not printed.

[5] Chancellor Adenauer was in the United Kingdom for a state visit.

(who appear more activated by desire promote exports to Sov Zone). It might be emphasized to Chancellor that East has benefited since beginning WBS problem through Western delay, indecision and "small" concessions, of which paramont was signing of agmt on understanding that its implementation wld be contingent upon certain action by East. This action has not been satisfactorily evident to date and there is no reason to expect that it will be forthcoming so long as East can obtain or believes it will in future be able obtain shipments from West in any event. Any concessions our part, except for most obviously warranted exceptions and particularly in light of widespread favorable press stories pointing to "complete" trade cessation, wld be immed interpreted by East as indication that further and more important concessions are obtainable through stubbornness. We believe Chancellor shld be informed FedRep officials appear favor only minimum effort to carry out threat reported his letter of Sept 20.[6]

Dept reiterates that it considers it of utmost importance to impose maximum pressure on East through trade weapon. Any moves by West which relax this pressure are interpreted by Sovs as signs of weakness and therefore nullify purpose of embargo.

b. Re further concessions desired by FedRep (urtel 582), Dept does not feel that such are warranted, at least until effect embargo has become evident.

Webb

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[6] Not printed. For the substance of this letter, see telegram 2532, September 19, p. 1872.

462A.62B31/12–1751: Telegram

The Secretary of State to the Embassy in the United Kingdom[1]

SECRET WASHINGTON, December 17, 1951—6:54 p. m.

PRIORITY

2955. Ref Deptel 514 Dec 4 to Bonn rptd Berlin 203[*205*], Paris 3323, London 2775, Moscow 382[*383*];[2] Bonn's 645 and 624 rptd Berlin, London, Paris, Moscow[3] and previous messages re Berlin and interzonal trade.

Dept requests subj Berlin and interzonal trade problem be discussed along fol lines with Br and Fr FonOffs soonest.

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[1] This telegram, drafted by Rogers, and cleared with Hillenbrand, Riley, WE, BNA, and EDS, was also sent for action to Paris and repeated to Bonn, Berlin, and Moscow.

[2] *Supra.*

[3] Neither printed; they reported further West German pressure for exceptions from the trade restrictions and that the Federal Republic showed "no disposition to suspend IZT completely". In view of this and British and French unwillingness to act, McCloy felt that representations were necessary in Paris and London to obtain an effective embargo of trade until the Berlin situation improved. (462A.62B31/12–551 and 12–651)

Sov restrictions on Berlin traffic during past seven or eight months have not injured Berlin excessively in econ field, primarily because of commercial airlift and multiple submission shipping permit applications to Sovs. On other hand, continued holding and rejection large numbers shipping permits constitute direct challenge to principle of freedom access to Berlin long maintained by OCC powers, and are prob intended by Sovs as probing action to test Western firmness. Failure thus far by West to deal with problem firmly and quickly has provided Sovs opportunity use shipping permits to promote discord in West, to deny principle of freedom access to Berlin and most important, to pave way for more serious restrictions in future.

To permit indefinite continuation Sov harassments wld, Dept fears, make greatly increased Sov pressure on Berlin inevitable at future date when ability of West to resist encroachments against Berlin will prob have been materially reduced. To achieve satis solution present impasse in near future wld not, of course, preclude such pressure, but it wld maintain and possibly strengthen Western polit, econ and legal positions in Berlin. There is no reason believe present restrictions will be removed unless sufficient pressure is brought to bear on East Zone and unless East Zone (or Sovs) believe pressure will continue.

Our primary means retaliation against Sov harassing measures appear to be West German trade restrictions and West Berlin's controlling position in Sov Zone barge network. Latter weapon will be useless during winter and will likely be largely removed within course of next spring or summer through completion canal by-pass. Trade weapon prob has its greatest potentiality at present, since future effectiveness may be decreased thru increasing Sov Zone self-sufficiency and increasing Sov Zone efforts use third countries for transshipment or procurement.

We therefore believe trade weapon shld be utilized to maximum extent during period of its greatest potentiality and solicit cooperation FonOff in requesting HICOM to bring to complete halt with certain *ad hoc* minor exceptions, movement of goods from FedRep and Western Berlin to Sov Zone. We hope every effort on part of FedRep to bring about additional and broader exceptions to embargo can be resisted by HICOM (see refDeptel) unless East is in fact making serious concession.[4]

ACHESON

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[4] On December 22 Gifford reported that the Foreign Office would be unable to reply to the U.S. approach on Berlin until after Christmas due to the need for interdepartmental coordination, but the preliminary response suggested little possibility of a change in the British attitude. (Telegram 2853 from London, December 22, 462A.62B31/12-2251) On December 27 Bruce reported the French position, noting that the Foreign Ministry was in basic agreement with the United States, but "still reluctant to issue outright instructions to Poncet" for a complete ban on interzonal trade. (Telegram 3825 from Paris, December 27, 462A.0031/12-2751)

462A.62B31/12–2151 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET

BERLIN, December 21, 1951—7 p. m.

845. AGSec from Slater. Fol is summary of report council mtg held Fr hqrs Berlin 20 December 1951 with Poncet (Fr) Kirkpatrick (UK) and McCloy (US).

(1) Interzonal trade and airlift (ref: Dept to London 2955 Paris 3535 rptd Bonn 685 Berlin 221, Moscow 420; air despatch to Dept 1556, 29 November 1951[2]).

Kirkpatrick and Poncet pressed hard for my agmt on 2 points:

> (*a*) That to keep up "trickle of trade" during present period, HICOM shld agree to issue of new *Warenbegleitscheine* for non-essential commodities with Western negotiators obtaining goods in exchange to an equal amount, and in particular, to an exchange of Kaolin against feldspar to help Bavarian porcelain industry:
>
> (*b*) Auth of W Gers to use promise of re-validation of WBS on rolling mill spare parts and on certain other machine tools and equipment which have already been partially paid for as bargaining point in obtaining satis solution of whole WBS problem. Kirkpatrick insisted that such action was consistent with HICOM ltr to Chancellor of 8 November (AGSec (51)1667[3]) and said that in any case E Zone wld obtain rolling mill parts from other sources if prevented from obtaining them from W Zone.

I said I absolutely cld not agree to any such departure or concession in present position. US had reluctantly agreed to signature of IZT agmt. At that time Br, Fr and Ger had agreed that, if trade restrictions and particularly WBS problems were not cleared up satis trade agmt wld not be implemented. Since then further concessions had been made and Allies were now in danger of finding their whole position whittled away. My govt, I said, was alarmed over the equivocation and continual moderation of Allied stand on E/W trade issues and had made or wld make reps to UK and Fr Govts. Experience had shown that vis-á-vis Sovs Allies were better off when they took firm position and adhered to it.

Kirkpatrick and Poncet said they wld have to raise matter with their govts. Council agreed to inform Ger auths that HICOM cld not at this time auth 2 concessions set out in (*a*) and (*b*) above and that matter was still under consideration. (Econ Comm report on disagreement this problem being air pouched[4]).

Council then heard Commandants status report on Berlin trade and communications. (BK/AHC(51)122, being air pouched[4]) commandants had recommended that commercial airlift shld be maintained and that HICOM shld attempt to obtain few military aircraft of sufficient size to lift in single operation backlog of heavy goods which cannot be moved by normal commercial aircraft. I pointed out that sum now allocated from JEIA funds to finance lift wld be exhausted by Feb. In view of difficulty in obtaining reliable figures as to backlog of commodities awaiting shipment and fact that many Ger firms were ignoring Allied policy and giving certificates of origin or equivalents, I proposed instead we shld inform Gers that, if they wish lift to continue after Feb, they wld have to finance it themselves. At same time I said, we might, without making commitment, offer to do what we cld to obtain limited number of military aircraft to move some of heavier items in single operation. Neither Kirkpatrick nor Poncet reacted to this proposal, however it was made clear to them that as matters stand US will not agree further expenditures of JEIA funds for this purpose or undertake cost of lift itself.

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[1] Repeated to Bonn, Moscow, London, and Paris.

[2] Telegram 2955, *supra*; despatch 1556, not printed.

[3] Not printed; for the substance of this letter, see telegram 346, November 8, p. 1884.

[4] Not found in Department of State files.

[Here follow numbered paragraphs 2–6 which reported on the High Commissioners discussion of Military Government Law No. 15 on the German Civil Service, the joint administration of Kehl, possession of sporting weapons, manufacture of ammunition for Germany's internal requirements, and the date of the next meeting.]

[SLATER]
McCLOY

B. FURTHER EFFORTS TO MAINTAIN AND STRENGTHEN WEST BERLIN

762.00/2–1651

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Marshall)[1]

TOP SECRET WASHINGTON, February 7, 1951.

Subject: Courses of Action in the Event East Germany Imposes a Blockade on Berlin.

1. In connection with the current National Security Council (NSC) Staff project being conducted pursuant to paragraph 42 of NSC 73/4[2] the Joint Chiefs of Staff have formulated their views on possible United States courses of action in the event East Germany imposes a blockade on Berlin. In this regard, the Joint Chiefs of Staff have concluded that:

a. Under present conditions, and during the continued Soviet occupation of East Germany, in the event of a Berlin blockade imposed either by the USSR or by East Germany which does not involve an armed attack upon the Western Allies (for this contingency see "Agreement on Berlin Security" [3]) the United States should:

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[1] The source text was attached to a memorandum from James S. Lay, Jr., Executive Secretary of the National Security Council, to the NSC Senior Staff, dated February 16, not printed. Lay indicated that the JCS memorandum was being transmitted for consideration of the Staff and would be placed on the agenda for an early meeting of the National Security Council Senior Staff. The source text bears the typed indication "For NSC Staff consideration only".

[2] For text, see *Foreign Relations*, 1950, vol. I, p. 375.

(1) Institute a partial airlift, together with those other states that are able and willing to contribute. This airlift should be continued until Soviet, or ostensibly East German, interference makes it patently impracticable.

(2) Institute an appropriate counterblockade in accordance with the decisions made by the Foreign Ministers of France, the United Kingdom, and the United States, on 19 September 1950 ("Agreement on Berlin Security")

(3) Take appropriate diplomatic action.

(4) Initiate no armed action on land to lift the blockade beyond such probing actions as may be necessary to develop the enemy's intentions. Make no attempt to force or maintain a land corridor from the West.

(5) Make no attempt to reinforce the United States garrison in Berlin.

(6) In the event a unified allied command for the defense of Berlin has not been established take action in concert with the British and French to establish immediately such a unified command.

b. If the action indicated above is not successful in lifting the blockade any further action to be taken should be determined at that time, at the highest governmental level, in light of the conditions then existing.

c. If, in the course of the blockade, armed action in Berlin should result from an attack upon that city, only the Berlin garrison, augmented by the West Berlin police, should be used to resist the attack, pending further consideration at the highest governmental level as indicated above.

2. In developing their views on this subject, the Joint Chiefs of Staff noted that:

a. It would be far more serious from a political and military point of view to accept a blockade of Berlin imposed by the Eastern German Republic than one by the USSR, since a German blockade would be an act of revolt by conquered Germany against the Western Allies. Because of the serious repercussions of such an event throughout Germany and Western Europe, the Western Allies are justified in taking bolder action to prevent this occurrence than may have been expedient at the time of the Soviet blockade.

b. A partial or total blockade imposed by the Eastern German Republic should be resisted by energetic Allied and Western German countermeasures, to include a resumption of an airlift, economic sanctions and appropriate diplomatic action.

c. A partial blockade imposed initially by East Germany might develop into a total blockade by the USSR.

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[3] For text, see *Foreign Relations*, 1950, vol. III, p. 1296.

d. Upon conclusion of the Soviet occupation of East Germany, or at such time as the military strength of the Western occupying powers and/or the West German forces increases so as to change their existing relative capabilities with respect to the East German forces, the course of action outlined in paragraph 1 *a* above should be reviewed and revised accordingly.

3. The Joint Chiefs of Staff recommend that their views in this matter, as expressed above, be forwarded to the Executive Secretary of the NSC for consideration by the NSC staff.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

762A.022/2-1451 : Telegram

The Director of the Berlin Element of HICOG (Page) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY BERLIN, February 14, 1951—3 p. m.

1173. Re Bonn's 609, February 7 to Frankfort[2] and 184, February 9 to Berlin.[3] Facts re Staaken incident set forth in British letter to Soviets quoted Berlin's 1165, February 10 to Frankfort repeated Bonn 252, Department 1031.[4] Agreement based on recommendation tripartite US-British-Soviet Committee on Berlin boundaries dated August 7, 1945 which proposed boundary adjustments between British and US sectors and Soviet Zone. Adjustments involving Staaken were implemented in British-Soviet agreement dated August 30, 1945 for primary purpose bring Gatow Airfield under British and Staaken Airfield under Soviet control. Proposed adjustments US sector-Soviet Zone boundary included transfer to Soviet Zone control of three small areas legally part of Bezirk Zehlendorf in US sector but physically isolated in Soviet Zone. In return it was proposed that boundary in vicinity of Wannsee-Babelsberg be relocated to follow center of Teltow Canal, thus incorporating in US sector small enclave administratively part of Babelsberg in Soviet Zone. These recommendations were never implemented.

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[1] Repeated to Washington and Bonn. The source text is the copy in the Department of State files.

[2] Not found in Department of State files.

[3] Not printed; it reported, *inter alia*, that the political advisers had requested their Commandants to consider whether Soviet pressure on Berlin might continue in view of the two incidents described in telegram 1173. (Berlin Mission files, lot 58 F 62, 370.3)

[4] Not printed; it transmitted the text of a letter from General Bourne to General Dengin, protesting the action of the East Sector Magistrat in including Staaken administratively in East Berlin. (762A.022/2-1051)

In French sector incident involving Gutshof on Frohnau-Soviet Zone boundary reported Berlin's despatch 500, January 30.[5] This area legally part of Soviet Zone although administered since 1945 as part of Bezirk Reinickendorf (French sector). Unlike Gatow-Staaken boundary this situation on French sector boundary not covered by written agreement. As noted in despatch mentioned French representative advised by General Vinogradov that Soviets proposed make general revision Berlin Soviet Zone boundary to conform actual legal situation. Literal implementation this policy could result cutting main road from center Berlin to Frohnau which at one point passes for 200 yards through edge Soviet Zone. Since 1945 Soviets have raised no objection to use this road by Western occupation forces, but no written agreement on subject exists.

So far as we can discover boundary US sector–Soviet Zone follows legal boundary Berlin accordance original tripartite agreements. Tripartite Kommandatura working party established last December is engaged detailed study West sector's boundary with Soviet sector and Zone.

Commandants discussed Staaken incident and boundary question in general at private meeting February 9, British CDT reported no reply yet received to his letter of February 2 to Dengin. French CDT reported tentative agreement proposed for settlement Gutshof-Frohnau on basis: (1) Withdrawal Soviet and East Zone police and no occupation Gutshof by anyone and (2) Acknowledgment that area is in Soviet Zone. French CDT stated he did not like latter specification and was consulting his HICOM. British CDT reported Reuter has again urged action to eject Soviets from Radio Berlin building in British sector arguing that this action desirable for psychological effect on West Berlin population somewhat disturbed by boundary incidents. General Bourne recalled that action to resolve this vexatious problem has been considered from time to time in past two years, particularly during Deutschland Treffen last spring.[6] Since Soviet soldiers stationed in building British attempt occupy might be resisted by force thus creating serious incident. Alternative suggestion building be isolated would involve use British troops to prevent access Soviet representatives or military personnel. Such action would receive great publicity here and abroad and might be long-drawn-out affair if Soviets decided stand siege. CDT's agreed consider advisability action re Radio Berlin. They agreed if action taken it should not be publicized as "reprisal" for Soviet action re Staaken. Final decision any action would of course have to be taken on HICOM or governmental level.

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[5] Not printed; it transmitted the texts of letters from General Carolet to General Chuikov, protesting the occupation of a farm, "Neuer Gutshof", in the French Sector by Soviet soldiers, and from General Carolet to General Taylor, reporting the nature of the incident. (662A.62B/1–3051)

[6] Regarding *Deutschlandtreffen*, held in Berlin on May 29, 1950, see telegram 1046; June 2, *Foreign Relations*, 1950, vol. IV, p. 861.

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762A.00/2-2051 : Telegram

The Director of the Berlin Element of HICOG (Page) to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

CONFIDENTIAL PRIORITY BERLIN, February 20, 1951—1 p. m.

1196. West-licensed press February 18 carried report that "leading representatives of West German CDU" intend propose that Bundestag hold special session in Berlin "to take position before entire German people" on contemplated Four Power Conference and reunification Germany.[2]

Informal inquiries of city officials indicate they have no specific information re such meeting beyond fact that one had been proposed some time ago to be held in June (which would probably be too late now for pre-CFM meeting). It was discussed in Senate meeting February 19 but as far as can be ascertained, discussion dealt mostly with technical aspects such as transport from west and lodging here of Bundestag members and available assembly hall. Titania Palast suggested as one possibility for latter for which, they said, US permission would be needed just as US help would probably be needed to provide air transport. Suhr and Kielinger will be in Bonn this week and will presumably discuss matter there. Berlin officials obviously keen to have Bundestag meet here but as yet, at least not overly excited by it.

French PolAd told us he was opposed any Bundestag meeting Berlin as it would constitute recognition of Berlin as twelfth land. British PolAd said preliminary British reaction Berlin also against such meeting here, not because of twelfth land but because it might well cause difficulties which could not be outweighed by benefits. We inclined to agree with latter view to extent we believe latter is probability that meeting could not be held without Allied, especially US, help in providing transport and perhaps meeting hall).

We urge, and British and French PolAds are of same opinion, that if HICOMs are going to ban meeting here, it be done before proposal is formally introduced in Bundestag so that ban gets least possible publicity. West press February 20 carries further items re meeting speculating re choice of assembly hall and saying Bundestag CDU faction advocate holding meeting here "in near future".[3]

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[1] Repeated to Washington and Bonn. The source text is the copy in Department of State files.

[2] For documentation on U.S. policy on the question of Germany unity, see pp. 1747 ff.

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[3] On February 22 the Bundestag Committee on all-German Affairs decided in favor of holding a Bundestag session in Berlin, but on February 27, Herbert Wehner, its chairman, told the Liaison Division in Bonn that Adenauer had approved the "idea of such meeting until CFM only on condition that situation of 'great psychological necessity' vis-à-vis Soviet Zone population arises." (Telegram 570 from Bonn, February 27, 662A.62B/2-2751) On the following day PEPCO discussed the question and decided that the disadvantages of holding a Bundestag session in Berlin outweighed the advantages because of adamant French opposition, difficulties of transport, and the dangers inherent in spotlighting Berlin during a Foreign Ministers meeting. The Department of State concurred in PEPCO's views but expressed its belief that the "idea of session may have considerable merit from propaganda standpoint and it might at some later time be useful [to] carry it out." (Telegrams 7073 from Frankfurt, February 28, and 6085 to Frankfurt, March 8, 662A.62B/2-2851 and 3-851)

762A.0221/2-2251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BERLIN, February 22, 1951—midnight.

1070. For Byroade AGSec from Slater. Reference Bonn, sent Department 376, repeated Frankfort 422, Berlin 151, EuCom Heidelberg 8 of 9 December 1950.[2]

Following is summary report executive session High Commissioners with three western Berlin commandants, held Berlin 22 February 1951, during which following questions were discussed:

(*a*) Status of reinforcement of Berlin police together with financial requirements involved; (*b*) Evacuation of non-combatants from Berlin; (*c*) Status of tripartite integrated staff and unified command for Berlin; (*d*) Soviet interference inter-zonal waterways.

a. Status of reinforcement Berlin police and financial considerations.

Council noted:

(1) That "force A" which is now raised and in service constitutes approximately 9,000 "police on the beat", 1,000 criminal police and 2,000 einsatz kommandos (total approximately 12,000 men);

. . . .

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[1] Repeated to Frankfurt, Heidelberg, and Bonn.

[2] Not printed; it reported on a meeting of the High Commissioners with the Berlin Commandants on December 7 at which were discussed (*a*) the nature, quantity, and financing of the armament of Berlin police and (*b*) a unified Berlin defense plan. (762A.0221/12-950)

(3) With respect to "force C" a proposed force to consist of no more than 6,000 volunteers, who could relieve existing police of routine duties in an emergency, that although commandants had authorized Berlin police president on 3 February 1951 to start recruitment this force, no action had been taken;

(4) Commandants recommendation that HICOM use its good offices with Federal Republic and Berlin Government in order to reach agreement for financing einsatz component of "force A" and capital and recurring expenditures of "force B and C" outside of Berlin budget;

(5) That Federal Republic 1950/1951 budget includes sum of DM 6 million for Berlin police with provision additional DM 4 million for next year's budget all of which has been ear-marked for non-recurring expenses. However, to date, no actual funds have been made available;

. . . .

(7) That commandants no longer favored establishment of "force C" in view of changed situation. Factors leading this conclusion are that these volunteers now want uniforms and to be paid. Furthermore, that it would be difficult to recruit or attract proper personnel for such force;

(8) UK Commandant's statement that efficient and adequate arming, equipping and motorizing existing police force would now be most profitable course to pursue and UK opinion that danger of Bereitschaften has declined due to troop reinforcement in Western Zones; increased US/UK tank strength in Berlin; and recent intelligence information re Bereitschaften;

. . . .

(10) UK view that best way to safeguard Berlin was not to concentrate great armed force there, but rather in Western Germany in order to keep general peace. Pouring millions DM in Berlin would be taking resources from West zones where they could be more profitably employed.

After considerable discussion, Council agreed:

(*a*) That planning at this time for "force C" should terminate;

(*b*) That it was not desirable to request Berlin Government for financial support for police reinforcement in view of implications and difficulties which might arise from debate in Berlin legislature;

(*c*) To instruct HICOM FinCom to meet with Federal Republic Finance Minister Schaeffer and Berlin Senator Haas (City

Treasurer) in order to obtain Federal Republic financial support for reinforcement Berlin police; i.e., "forces A and B". If Federal Republic is not prepared to make such appropriations, FinCom should press for at least DM 6½ million at once for "force A".

b. Evacuation of non-combatants from Berlin:

Council considered both commandants recommendations that (*a*) in an emergency, following unanimous agreement, commandants should make timely recommendations to HICOM for evacuation, contacting chairman High Commission by most rapid and direct possible communication and (*b*) HICOM should arrange discussions in the near future with appropriate commanders with view to establishing agreed plan for Berlin air evacuation and previous Council decisions re evacuation of allied families and dependents from Berlin "that these measures may not be necessary at any stage and are not necessarily related to alerts.

Political consequences of the tripartite measures are such that tripartite approval and special approval of governments is necessary, although US authorities reserve right in special circumstances to unilateral action, informing UK and French authorities accordingly".

In order to provide opportunity for setting forth clear formula designed to maintain freedom of action for US and in order that HICOM should not bind governments to action only in event of unanimity, I agreed that HICOM special security committee consider both Commandants recommendation and Council decision cited above.

c. Status of tripartite integrated staff and unified command for Berlin:

Council noted that Allied staff Berlin had been established and that it would initially consist of nine officers, including chief of staff and ten enlisted personnel. Staff now is almost complete with exception of French element which has to date only supplied one officer. It is at present acting as planning staff and could not act as operational headquarters without suitable augmentation. Although activities of staff still secret, it has now been decided to allow it to use overtly name "Allied Liaison Committee".

With respect to new unified command (see paragraph (*b*) of subject cable), we agreed that nothing further could be done at this time by HICOM until SHAPE examines question.

[Here follows part *d* of this telegram, printed page 1829.]

[SLATER]
MCCLOY

CFM files, lot M-88, box 187, questions affecting Berlin

Statement of Principles Governing the Relationship Between the Allied Kommandatura and Berlin [1]

[BERLIN, March 8, 1951.]

The Allied Kommandatura hereby promulgates the following modifications of the Statement of Principles of May 14, 1949, which, except as modified by this Instrument, continues in force:

1. Berlin shall have, subject only to the limitations set out in this Statement, full legislative and executive and judicial powers in accordance with the Berlin Constitution of 1950 as approved by the Allied Kommandatura on 29 August, 1950.

2. In order to ensure the accomplishment of the basic purpose of Occupation, powers in the following fields are specifically reserved to the Allied Kommandatura, including the right to request and verify information and statistics needed by the Occupation Authorities.

(*a*) Disarmament and demilitarisation, including related fields of scientific research, prohibitions and restrictions in industry and civil aviation;

(*b*) Restitution, reparations, decartelisation, deconcentration, foreign interests in Berlin and claims against Berlin, or its inhabitants;

(*c*) Relations with authorities abroad, but this power will be exercised so as to permit the Berlin authorities to assure the representation of Berlin interests in this field by suitable arrangements;

(*d*) Displaced persons and the admission of refugees;

(*e*) Protection, prestige and security of Allied Forces, dependents, employees and representatives, their immunities and satisfaction of occupation costs and their other requirements;

(*f*) Respect for the Berlin Constitution of 1950 as approved by the Allied Kommandatura on 29 August, 1950;

(*g*) Control over external trade and exchange and over trade between Berlin and the Western Zones of Germany; and control over monetary and fiscal policies insofar only as these policies seriously affect Berlin's need for external assistance;

(*h*) Control of the care and treatment in German prisons of persons charged before or sentenced by the courts or tribunals of the Occupying Powers or Occupation Authorities; over the carrying out of sentences imposed on them and other questions of amnesty, pardon, or release in relation to them;

(*i*) Authority over Berlin police to the extent necessary to ensure the security of Berlin.

3.(*a*) It is the hope and expectation of the Commandants that the Occupation Authorities will not have occasion to take action in fields other than those specifically reserved above. The Occupation Authorities, however, reserve the right to resume in whole or in part the exercise of full authority if they consider that to do so is essential to security or to preserve democratic government, or in pursuance of the international obligations of their Governments. Before doing so, they will formally advise the appropriate Berlin Authorities of their decision and of the reasons therefor;

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[1] The source text was appendix A to BK/AHC(51)67, p. 1922; it is the text of the Statement of Principles as modified by the First Instrument of Revision, dated March 8. For the text of the original Statement of Principles, dated May 14, 1949, see *Germany, 1947–1949*, pp. 324–326; for the text of the First Instrument of Revision, see *Sixth Quarterly Report on Germany, January 1–March 31, 1951*, pp. 145–146.

(*b*) In addition, in the special circumstances prevailing in Berlin, the Occupation Authorities reserve the right to intervene, in an emergency, and issue orders to ensure the security, good order and financial and economic stability of the City.

4. Berlin shall have the power, after due notification to the Allied Kommandatura, to legislate and act in the fields reserved to the Allied Kommandatura, except as the Allied Kommandatura itself otherwise specifically directs, or as such legislation or action would be inconsistent with decisions or actions taken by the Occupation Authorities themselves.

5. Any amendment of the Berlin Constitution or any new Constitution of Berlin will require the express approval of the Allied Kommandatura before becoming effective. All other legislation will be effective without review by the Allied Kommandtura, but will be subject to repeal or annulment by it. The Allied Kommandatura will not repeal or annul legislation unless, in its opinion, it is inconsistent with the provisions of this Statement of Principles as revised, or with legislation or other measures of the Occupation Authorities, or unless it constitutes a grave threat to the basic purposes of the Occupation.

6. Subject only to the requirements of their security, the Occupation Authorities guarantee that all agencies of the Occupation will respect the civil rights of every person to be protected against arbitrary arrest, search, or seizure, to be represented by counsel, to be admitted to appeal as circumstances warrant, to communicate with relatives, and to have a fair, prompt trial.

7. All Occupation legislation will remain in force until repealed or amended by the Allied Kommandatura or the Sector Commandants concerned. Insofar as legislation of the Allied Kommandatura or the Sector Commandants is not based on the reserved powers, it will be repealed at the request of the appropriate Berlin authorities.

ECA message files, FRC acc. no. 53 A 278 : Telegram

The United States High Commissioner for Germany (McCloy) to the Administrator for Economic Cooperation (Foster) [1]

SECRET PRIORITY FRANKFURT, March 23, 1951—8 p. m.

Toeca 301. Ref (*a*) Frankfurt Repto 186 rptd Dept Repto 1218,[2] (*b*) Ecato 290 rptd Torep 1898.[3] Unquestionably Berlin will continue require external assistance at least through FY '52 if US policy objectives to be achieved. Believe generally agreed throughout interested US agencies inadvisable grant Berlin separate dol aid. You are familiar difficulties drafting para in bilateral agreement re FedRep aid to Berlin which wld be satisfactory to both signators. While this para has been useful to us in negots with FedRep, it does not permit rigid definition volume support FedRep obligated to give Berlin. In practice we have had little difficulty getting FedRep agree to our proposals use ECA and GARIOA funds aid Berlin. However, on aid to budget and stockpile where FedRep's own budgetary funds involved considerably less successful in obtaining level financial support desired by us.

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[1] Repeated to Paris and Berlin.

[2] Not printed; it requested HICOG to spell out "implications of considering FedRep contribution Berlin budget to be a defense contribution." (ECA message files)

[3] Not printed; it asked HICOG to refrain from any statement that Federal aid to Berlin would be judged as part of the Federal Republic's contribution to defense. (ECA message files, box 78, Frankfurt Ecato)

If we are to have reasonable prospect success in obtaining commitment from FedRep to carry Berlin budget deficit in entirety, must be in position inform FedRep this type aid considered to be part of def contribution. As reported Bonn tel to Dept 660, rptd Paris 192, satis reply recd from Adenauer in response McCloy ltr of Mar 6.[4] Do not recommend, at least for present, making further dol aid contingent on FedRep aid to Berlin budget. Our judgment extremely ill-advised introduce further condition to substance McCloy ltr since wld tend prejudice maximum immed progress toward reorientation FedRep's econ and fin policies by diverting concentration of effort from dominant issue.

Can expect considerable divergence of views as to what types expenditures constitute def contribution. Also expect at least several months will elapse even before guiding principles established. Ref (*b*) was sent in full consideration larger context. Our thinking influenced by time element and necessity conserve GARIOA counterpart. Notwithstanding drawback our suggestion to count Berlin budget aid part FedRep contribution prior to establishment guiding principles, it shld not set dangerous precedent since in our view all FedRep direct aid to Berlin must ultimately be included FedRep contribution if such aid is to continue at required level. Must face up to fact bilateral agreement has serious limitation vis-à-vis obtainment aid for Berlin from FedRep. If you accept our view inadvisable tie in Berlin budgetary aid to allocation dol aid balance FY '51, believe you will concur announcement to FedRep Berlin aid considered by US as part def contribution.

Ref (*b*) recd after preparation this cable. Since negots budgetary aid to Berlin shld not be further delayed, pls expedite promised definitive reply.

McCloy

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[4] Neither printed.

ECA message files, lot 53 A 278, box 78, Frankfurt Ecato : Telegram

The Administrator for Economic Cooperation (Foster) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, March 24, 1951—11 a. m.

Ecato 303. Reference: Toeca 280, rptd info Paris Torep 266, Berlin 536.[2] Repto 1218, rptd Frankfort Repto 186.[3]

1. State and ECA concur your approach Bonn re non-availability GARIOA to cover Berlin budget deficit next FY. It was our understanding amt realized from Berlin Aid Tax wld be sufficient cover next year's budget deficit with anticipated increase Berlin tax revenue and gen improved econ conditions in Berlin. This was also Reuter's view expressed during recent visit.

2. You shld take strong position for continuance Berlin Aid Tax and application proceeds for Berlin aid. It seems to us any other course of action wld present polit difficulties to FedRep and therefore their continued support Berlin budget can be anticipated. However, if you do encounter difficulties in your negots with Bonn suggest you consider desirability informing them we prepared divert to GARIOA acct sufficient ECA counterpart funds now intended for FedRep investment program in order fulfill FedRep obligation support Berlin budget until satisfactory Bonn–Berlin agreement reached. Your comments requested. In your negots with Bonn you shld not leave impression that we place greater emphasis upon budgetary aid than upon other programs involving aid to Berlin. We view program total Berlin support i.e.—budgetary aid, work relief and investment program as a must and FedRep assumption budget deficit part of a whole.

3. Suggestion FedRep aid to Berlin be judged by U.S. as part FedRep "contribution to defense" presents fundamental problem which we hope can be avoided on basis foregoing. While we do not wish to appear to down-grade importance we place on Berlin, State and ECA apprehensive concession now on this pt wld encourage FedRep press for inclusion other expenditures, also not directly related to defense, when we commence negots with them on amt their contribution and purposes for which it will be used. In this connection they have already suggested that refugee and other social expenditures shld be credited against their contribution. They also may make similar claims RE equalization burdens payments. This subj and overall review Gers

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[1] Repeated to Paris and Berlin.

[2] Not printed; it reported that the agreement for Federal budgetary aid to Berlin would terminate on April 1 and that HICOG felt the Federal Republic should carry the complete responsibility for such aid. For this reason McCloy planned to make no further GARIOA releases for Berlin budgetary aid, but would judge the Federal Republic's assistance to Berlin as part of its contribution of defense. (ECA message files, lot 53 A 278, box 27, Frankfurt Toeca)

[3] Not printed, but see footnote 2, *supra*.

role in defense in connection Congressional presentation will be subj separate cable now in clearance interested agencies here. Desire, therefore, you make every effort avoid question Berlin aid as credit against defense contribution being raised at this time. If Gers do attempt raise problem you shld take position it is matter which shld be dealt with in context overall discussions defense contribution and purposes for which it will be used.

4. Concur your proposals reduce Berlin Work Relief Program from DM 20 million to DM 15 million per month.

FOSTER

762A.00/3-2751

Draft National Security Council Staff Study[1]

TOP SECRET [WASHINGTON,] March 26, 1951.

POLICY WITH REGARD TO A POSSIBLE NEW BERLIN BLOCKADE

THE PROBLEM

1. To discourage a reimposition of the Berlin blockade, and to hold the city in the event a new blockade is imposed either by the Soviets directly or by the German Democratic Republic.

ANALYSIS

2. NSC 24/3 approved as governmental policy on June 15, 1949,[2] recommends certain courses of action in the event the USSR reimposes the Berlin blockade. The principal recommendations of current concern are that:

a. All measures requisite for the reinstitution of the counter-blockade be kept in readiness.
b. The airlift system be kept in a state of readiness for full operation.
c. All efforts, including the airlift, be made to increase the reserve stocks of supplies in Berlin.

3. This policy was further supported by a decision of the U.S., British and French Foreign Ministers on May 12, 1950, that the Allied High Commission should be prepared to take effective and appropriate counter-measures if the Soviets should again disrupt Berlin's communications with the West; and seek to ensure that any future trade

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[1] The source text was attached to a memorandum of transmission by Executive Secretary Lay, dated March 27, which indicated that it was being transmitted for the early consideration of the National Security Council Senior Staff. Also attached to the source text was a draft statement of policy on a possible new Berlin blockade, dated March 26. Its elements were the same as those presented in sub-paragraphs *a*, *b*, and *c* of paragraph 23 of the source text.

[2] Not printed, but see *Foreign Relations*, 1949, vol. III, p. 839.

agreement between Western and Eastern Germany should not preclude the application of such counter-measures.[3]

4. The Foreign Ministers' Agreement on Berlin Security, dated September 19, 1950,[4] (included in NSC 89, October 20, 1950 [5]) further implemented the recommendations in 2, *a* and *c* above, and the NAT deputies have now agreed in principle to the action called for in paragraphs 2 and 3 of this Agreement. Most of the Agreement on Berlin Security was based on a HICOG–EuCom–USCOB paper (submitted in NSC 89).

5. The commitment of aircraft to the Korean War has seriously reduced the US ability to resume a full airlift. Moreover, it seems clear that the Soviets have a capability to jam flight radio communications, and possibly radar as well, although there does not appear to be agreement as to the effectiveness of such jamming or Allied ability to overcome it. A JCS memorandum to the NSC, dated October 30, 1950*, states that "a combined US–UK study indicates that the Soviets have, and will exercise, a capability of interference with an airlift." Moreover, it states that the diversion of large numbers of multi-engined aircraft to an airlift is considered militarily unsound under present conditions.

6. The first-phase plan for stockpiling in Berlin whose implementation is virtually completed provides food, fuel, medical supplies, and raw materials sufficient for one year with severe rationing, assuming an airlift of 2,000 tons per day. This stockpile would maintain the city for 150 to 165 days without any airlift.

7. With such a stockpile and assuming a relatively small airlift in the event of a new full blockade, Berlin would be an almost totally isolated city living on its substance. From a morale standpoint, it is doubtful whether the population would hold out for as long as the stockpile would last, in the absence of visible evidence that the West was making every effort to support and free the city. The Berliners' morale is better than in 1948, thanks in large part to Allied efforts in the political, economic and military fields. The improved morale could be quickly weakened, however, by a strong Communist offensive such as a blockade combined with a failure of the West to counter it vigorously. Meanwhile, the economic level of the Soviet Zone Germans, while still below that of employed West Berliners, has been slowly improving and is now perhaps equal to that of unemployed West Berliners. During a blockade the Berliners would almost certainly be

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[3] For documentation on the Foreign Ministers meetings at London, May 12–14, 1950, see *Foreign Relations*, 1950, vol. III, pp. 828 ff.

[4] For text, see *ibid.*, p. 1296.

[5] For text, see *ibid.*, volume IV.

*Memo for Senior NSC Staff from Executive Secretary, subject, "United States Policy with Respect to Berlin and East Germany," dated October 31, 1950. [Footnote in the source text.]

living less well than the people around them, and relative to their own present standard of life the Berliners would suffer much more than in 1948–49.

8. While the vulnerability of the Berliners has been increasing, the Soviet Zone has been getting in a better position to do without imports from the West; and there is evidence that this is true of the whole Soviet orbit.

9. The Joint Chiefs of Staff in a memorandum to NSC, dated February 7, 1951,† recommended that under present conditions and during the continued Soviet occupation of East Germany, in the event of a Berlin blockade imposed either by the USSR or by East Germany which does not involve an armed attack upon the Western Allies, the United States should take a series of actions which amount to somewhat less than the NSC 24/3 program, or than what was actually done during the 1948–49 blockade, and that if this action should be unsuccessful in lifting the blockade further action should then be determined at the highest level.

10. It can be fairly assumed that under present conditions, once a blockade had been decided upon, with the realization that a counterblockade would be more or less inevitable, implementation of the Allied plans and proposals outlined above would not break the blockade in less time than similar Allied actions took to induce the lifting of the previous blockade (about eleven months). Since the ability of the Berliners to hold out that long without a full airlift is questionable, the Department of State does not consider the present plans for meeting a new blockade, or the specific proposals of the JCS, to be adequate. It can be predicted now that they would not achieve our objective of holding Berlin.

ALTERNATE COURSES OF ACTION

11. Possible ways of improving our plans fall into three main categories:

a. Action designed to prevent or discourage the reimposition of a blockade.

b. Action to improve the supply and morale of Berlin during a blockade.

c. Action designed to break or cause the lifting of a blockade.

Action to prevent or discourage a blockade.

12. Retaliation which has been undertaken against Soviet restrictions on Berlin trade and transport since the lifting of the "big blockade" on May 12, 1949, has also in part served the purpose of

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†Memo for Senior NSC Staff from Executive Secretary, subject, "Courses of Action in the Event East Germany Imposes a Blockade on Berlin," dated February 16, 1951. [Footnote in source text. Regarding the paper under reference, see memorandum of February 7, p. 1892 and footnote 1 thereto.]

discouraging further restrictions. Examples of such retaliation are the steel embargo in force from February to July 1950 and periodic delays of Soviet Zone barges in Western Berlin when the Soviets obstruct water transport to Berlin. Such retaliation has usually led to a partial relaxation of Soviet restrictions, but new restrictions were usually imposed after a short while. The results have been far from satisfactory. One reason for this has undoubtedly been that the retaliatory action has always been taken after undue delay and has been incomplete as to enforcement. The British, French and West German governments have always been reluctant to hit hard with retaliatory measures. With the approaching termination of occupation controls it will be necessary to persuade the Germans to take over the retaliation program.

13. The HICOG-EuCom-USCOB paper (NSC 89) recommended other action to discourage or prevent a new blockade. It suggested a psychological offensive to convince the Soviets that a blockade would be met firmly by a counter-blockade and other measures. This offensive is being prepared. The HICOG-EuCom-USCOB paper also suggested that widespread sabotage action might be encouraged throughout the Soviet orbit or at least in the Soviet Zone of Germany to distract the Soviets and to convince them that the basis of their power is insecure.

14. After examination of this proposal, in consultation with the appropriate Government agency, the Department of State has concluded that it cannot favor taking such action in advance of a blockade, though very limited disruptive actions involving limited risk might be undertaken. Allied controls over trade in strategic items are also important in discouraging a new blockade in that they hold down the Soviet orbit's strength for aggression. It does not need to be stressed that European cooperation in these trade controls needs to be improved. However, with recent negotiations and with the expansion of the Western European armament production, this situation is gradually improving.

Action to improve the supply and morale of Berlin during a blockade.

15. The stockpile mentioned above is intended to ensure Berlin supply for a period, but its limitations have been described. The feasible magnitude of a possible airlift would depend on availability of transport planes, crews and ground crews, as well as Soviet capabilities for jamming radar and flight radio or otherwise obstructing our planes and our ability to overcome the effects of such jamming and obstruction. Intensified exploration of these factors should be undertaken. Possibly the production of military transport airplanes should be increased, so that sufficient craft would be available for emergencies such as a new blockade. It would appear useful to study and arrive at an agreed estimate of Soviet jamming capability.

It would also seem necessary to put American ingenuity to work devising means of overcoming such jamming, since it could affect not only a Berlin airlift but also air transport and bombing anywhere in or very close to the Soviet orbit. Within the near future a new estimate of American and Allied airlift capacity for Berlin, taking account of all factors, should be drawn up, and such an estimate should be revised frequently so that it is constantly available as a realistic guide to planning. It is to be hoped that these efforts would result in an airlift more extensive than that indicated in recommendation 1*a*(1) of the JCS February 7, 1951, memorandum.[6]

Action to break or cause the lifting of a blockade.

16. NSC 24/3 and the JCS memorandum of February 7, 1951[6] provide for a counter-blockade as the main instrument to break a blockade. The agreements outlined in the Analysis above will, if implemented vigorously, produce an effective counter-blockade. They will shortly have to be presented to the German authorities for acceptance. However, not only is there question as to their enforcement, but also, as mentioned above, there is evidence to indicate that the Soviet orbit is in a progressively better position to withstand a counter-blockade. One answer to this increased strength would be an extension of the counter-blockade until it became economic warfare against the whole Soviet orbit. This would broaden the program called for in JCS recommendation 1*a*(2). Our ability to do this would depend on the temper of our Allies at the time such action became necessary.

17. Another possible action would be to weaken the Soviet orbit after a blockade had begun, by the sabotage campaign mentioned in paragraphs 12–14 above. It would not seem wise to conduct such sabotage outside Germany in connection with this issue, but a well-planned and limited sabotage campaign, largely non-violent, in the Soviet-occupied areas of Germany would be feasible.

18. Bringing the issue into the United Nations again would at the very least exercise psychological pressure to break a blockade and might lead or contribute to more tangible pressures. This would constitute "appropriate diplomatic action" (recommendation 1*a*(3) of JCS memorandum of February 7).[6] At the same time, there should be "no attempt to reinforce the United States garrison in Berlin" (JCS recommendation 1*a*(5));[6] and, in the event a unified command for the defense of Berlin has not been established, the United States should take action in concert with the British and French to estab-

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[6] A footnote in the source text at this point referred to the memorandum cited in paragraph 9.

lish immediately such a unified command (JCS recommendation 1*a*(6)).[7]

19. It must be assumed that the Soviets would have discounted in advance all or part of the above-suggested measures and that they might not hurt the Soviet orbit enough to cause the lifting of a new blockade in time to save Berlin, unless an airlift comparable to the previous one could be mounted. Thus, it seems necessary to re-examine the question of a possible ground break-through, which means military action of a type sufficient at least to take and hold a corridor to Berlin. It is recognized that under the most favorable conditions such action would involve the risk of a general war. Clearly, then, a decision to take such a step would not be made until the other steps suggested above, and any other means available not involving a great risk of war, had been utilized and seemed likely to fail. The question which would then have to be decided would be: risk war by an attempted break-through or abandon Berlin. Such a decision obviously should not be taken by the United States alone. This study suggests, however, that it is likely that the decision would have to be faced if a new blockade were imposed. It should be stated at this point that, while the Soviets would probably prepare for the other steps suggested before undertaking a blockade, they might not count on a possible ground break-through. This consideration means only that the risk of war might be less than anticipated, not that there would be no risk.

20. The probing actions suggested in JCS recommendations 1*a*(4)[7] are not believed to be a substitute for a decision on the fundamental question of armed action to break the blockade, nor in the absence of an affirmative decision are they believed desirable. If probing were met with effective resistance and were not followed up with decisive action, the political effect would be worse than if no probing had occurred. If no resistance were met and if land transport were therefore resumed, it would be very difficult to prevent leaks of the information that the probing elements were *not* to engage in armed action. When that information became known to the Soviets, further land transport and probes would be resisted. If the information that armed action was not intended were held closely enough to prevent leaks, it would be very difficult to prevent incidents leading to armed action. That is, the situation might well get out of hand, leading to hasty decisions with far-reaching effects.

21. On the other hand, if an affirmative decision on armed action had been taken, probing might be a means for determining what further specific steps in the armed action would be necessary.

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[7] A footnote in the source text at this point referred to the memorandum cited in paragraph 9.

22. From a political standpoint three possible contingencies are relevant to a consideration of possible ground break-through:

a. A blockade imposed by the East Germans after Soviet forces had been withdrawn from Germany. This contingency seems very unlikely in the absence of a four-Power agreement for a unified Germany (which would eliminate the danger of blockade). It will therefore not be discussed here, but should be considered if it became likely in the future.

b. A blockade imposed by the East Germans while Soviet forces were still in occupation. This is the most likely contingency, especially if the German Federal Republic is freed from occupation controls. Such a blockade would signify that the Soviet government did not wish to become directly involved and might indicate that it would not come to the direct aid of its satellite should difficulties ensue. However, the Soviets could not dissociate themselves entirely from the East German action, and a justification for economic warfare against the whole Soviet orbit would exist. If non-military counter-action seemed likely to fail, however, American and world opinion would find military passivity in the face of a relatively weak German Communist force actually imposing the blockade difficult to understand. The enormous political importance of Berlin to Europe, an importance which is at present at least as great as Korea's significance to Asia, would have to be taken into account. The mood of the European countries at that time, plus Allied strength on the ground in Europe, would probably be determining factors in a decision.

c. A Soviet-imposed blockade. This would indicate that the Soviets had decided that it was vital to subjugate Berlin and might indicate that the Soviets considered it worth risking a war to do so. It might be vital to the Soviets in order to consolidate their position in Eastern Europe, or in order to prepare an offensive against the West, or both. The Soviets would probably hinder an airlift to the maximum degree in order to bring about a quick decision. This would face the free world with the most naked kind of aggression, not different in quality from overt military aggression. The fall of Berlin would be correspondingly demoralizing to anti-Soviet forces throughout Europe. The decision would have to be made in this light, even though the Soviets might be prepared to withdraw in the face of Allied military action.

CONCLUSIONS

23. Accordingly, the program outlined in NSC 24/3 should be broadened to include the following measures:

a. Action to Discourage a New Blockade.

(1) Efforts should be made, in agreement with the German authorities, to speed up and make more effective and automatic measures of retaliation against every significant Soviet or East German restriction on Berlin trade and transport. The standard for such action should be that trade between Western and Eastern Germany should be kept constantly somewhat more difficult than trade between Berlin and Western Germany.

(2) Through information and other channels the effort should be made to convince the Soviets that a new blockade would be met firmly by appropriate measures.

(3) The security export controls of the free world vis-à-vis the Soviet orbit should be strengthened and made more effective, but should not be pressed to the point of all-out economic warfare, except as a measure of retaliation against overt aggressive action such as a blockade.

b. Action Designed to Improve Berlin Supply and Morale during a Blockade.

(1) A stockpile of food, fuel, medical supplies, raw materials and other necessary items in maximum practicable amounts should be constantly maintained in Berlin. Action: Department of State, ECA.

(2) The capability of the Soviets to jam radar and flight radio and otherwise to interfere with an airlift should be intensively investigated, as well as all possible means of overcoming such jamming and other interference. Action: Department of Defense.

(3) If it is concluded that an airlift could get through Soviet obstruction, the necessary planes should be made available as soon as possible for the resumption of an airlift. The British and French should be requested to take similar steps. Likewise, available crews and ground crews should be increased in number if necessary. Action: Department of Defense.

(4) A revised estimate of Western Allied airlift capacity, taking account of all relevant factors, should be worked out with the British and French and brought up to date at frequent intervals. Action: Department of Defense.‡

c. Action Designed to Break any Future Blockade.

(1) A counter-blockade with European cooperation should be imposed and tightened around the entire Soviet orbit as circumstances warrant. Action: Departments of State and Commerce.§

(2) Sabotage actions of such magnitude as would be feasible should be conducted in the Soviet-occupied areas of Germany, in cooperation with the British. Action: The appropriate Government Agency. Coordination: Department of State.

(3) The issue should be brought to the United Nations, and we should at least propose the immediate dispatch of a UN commission to investigate. Action: Department of State.‖

(4) The above proposals, together with the chances of their success, should be discussed at some time in advance of a blockade with the NATO Commander and other countries as appropriate, taking into account the necessity for security. The question of a possible ground break-through under varying contingencies should be explored tentatively with the NATO Comander at an appropriate time. Insofar as practicable, the US should prepare the way to gain UN approval or direction to take such action. *However, no attempt should be made at this time to obtain an Allied decision on the question of ground military action.* Action: Departments of Defense and State.¶

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‡These recommendations represent an expansion of JCS recommendation 1*a* (1) in memo referenced by footnote to par. 9. [Footnote in source text.]

§This is an extension of JCS recommendation 1*a* (2) in memo referenced by footnote to par. 9. [Footnote in source text.]

‖This accords with JCS recommendation 1*a* (3) in memo referenced by footnote to par. 9. [Footnote in source text.]

¶This differs from JCS recommendation 1*a* (4) and 1*b*. JCS recommendations 1*a* (5) and (6) are concurred with. JCS recommendation 1*c* is not discussed, as it concerns a problem different from a blockade. For JCS recommendations see memo referenced by footnote to par. 9. [Footnote in source text. No record has been found in the Department of State files showing further consideration of the source text.]

460.509/5-2251 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

CONFIDENTIAL BONN, May 22, 1951—noon.

875. From Liaison Bonn. Re Deptel sent Frankfort 7710 rptd Berlin 373 Bonn 141 Paris and London unn May 16 and Frankfort's tel to Dept 9321 pouched Berlin, Bonn, Paris, London, May 19.[2] Wehner, Chairman Bundestag Comite All-Ger Affairs, informed Liaison Bonn May 21 that comite still engaged in collection and analysis of facts re East-West trade, but expects within next two weeks possess sufficient info and have developed sufficiently firm control proposals on which to base consultation with HICOM or HICOG reps re best method attack problem. Comite concentrating primarily on ascertaining facts re firms participating in trade and their *modus operandi*, using *inter alia* East Zone sources, and scheduled hear two "well informed" sources, one from Berlin and another from North Rhine Westphalia, during course next few days.

During conversation Wehner stated problem of real and effective East-West controls sources of production complicated by fact that any such control wld affect many industrial interests, as revealed by data he already has assembled, and that hence Parliamentary support for genuine control not as easy to obtain as might be suggested by ostensible concensus in favor of cracking down on East-West trade. In this connection he expressed certain doubts re competency of Min Econ or Min Interior as possible admin control agencies for East-West trade, stating that Min Econ employs many functionaries who have connections with industry by virtue of prior employment there, and that Interior Min Lehr, however great his integrity might be, would perhaps find it difficult to be objective in this matter due his long association with Ruhr steel interests. (Note: While these arguments possibly somewhat plausible, it shld be recalled that Wehner belongs to SPD opposition.) Wehner stated that he had refrained from giving above agencies the considerable intelligence info he has collected, through SPD OST Bureau and other contacts, re illegal trade of many prominent firms, because he fears they wld be tipped off and better prepared to hide evidence when and if investigations eventually take place. Although vague about proposals or plans his comite has under consideration re form and implementation of controls, Wehner did say that in addition to tightening present controls as proposed by Fed Govt, some effective administrative means for checking records of suspect firms must be established, possibly through tax auths. He made general mention of legal, constitutional and practical difficulties which made it difficult for his comite to work in close liaison with govt agencies on this subj, and discussed in similar terms the problem of ultimately providing, on Ger side, for effective punitive action against violators of East–West trade control measures. As example, he stated that Bundestag comites unfortunately do not have the power to subpoena witnesses and undertake thorough investigations of activities of private firms or individuals, but that it might be possible to establish a special commission including both Bundestag and Fed Govt officials. At same time he expressed concern lest HICOG or HICOM proceed too fast on unilateral policy with respect to this problem, which he felt basically to be Ger problem in which it wld be best for Gers to take initiative, albeit with Allied help in implementation.

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[1] Repeated to Frankfurt, Berlin, Paris, and London.

[2] Neither printed; the former requested details on the Bundestag committee's discussions on East-West trade, while the latter reported that the evidence concerning the activities of the Federal Government on East-West trade did not clearly indicate whether it was a result of SPD needling or HICOG pressure. (460.62A9/4-2751 and 5-1951) For further documentation on U.S. policy on East-West trade, see vol. I, pp. 993 ff.

In sum, it appears that Wehner's comite has not moved very far in crystallization of new control proposals during past month. However, comite is by no means ignoring problem, as indicated by extent to which it evidently has gone to gather detailed info and consider such complexities as Salzgitter steel interests, who reported was forced into illegal trade of crude steel in return for Silesian coal because Ruhr coal and steel interests are engaged in boycott which has allegedly effectively denied them necessary West Ger coal supply.

On basis conversation with Wehner, however, Liaison Bonn inclined to guess that unless Gers continuously prodded by HICOG, it will take considerable time to close gap between different points of view of Wehner-led Bundestag comite and Fed Govt re extent and type of East–West trade controls, not to mention their implementation.

McCLOY

762A.00/6–1451

The Chief of the Political Affairs Division of the Berlin Element of HICOG (Wellington) to the Director of the Office of German Political Affairs (Laukhuff)

PERSONAL SECRET BERLIN, June 14, 1951.

DEAR PERRY: In a conversation I had with Otto Suhr several evenings ago, the inevitable question of "twelfth *Land*" came up. I told Suhr (not for the first time!) that in my personal opinion there was no chance of Berlin's attaining that status in the foreseeable future and that I thought it would be better all around if the Berlin leaders reckoned with such a probability and refrained from making too great an issue of the subject. Suhr replied that he remembered I had been right in the past when I made such predictions, but that this time he wondered. . . .[1] when he was in Washington,[2] he said, he received the "strong impression" that Berlin might well become a twelfth *Land* "in the winter". I asked him what he based this on, and he said various conversations he had had in the State Department, including one with Hank Byroade. He hastened to add that no one had told him in so many words that Allied objections to the twelfth *Land* would be lifted; it was only that he had gotten the impression—and a strong impression—that they would be. For example, he said, he had been asked to say very frankly whether Berlin was really ready to "bear all the consequences" of what twelfth *Land* status would mean, and he had also been asked to explain in detail how the Berlin leaders envisaged working out the situation if such a status were accorded. He volunteered as a possibility that he had perhaps misinterpreted the intent of the conversations on the subject, but he reiterated that he had left Washington with the definite impression that Berlin's hopes in this respect might well be realized before too long.

I told Suhr that he had been in Washington more recently than I and that, furthermore, to be quite frank, we had not had any recent exchange of views with the Department on the subject—he might, therefore, be right in his impressions. I said that I could only express a personal opinion anyway, but that I myself knew of nothing to change what I had told him earlier. He then said that he was grateful for my having told him what I thought, that he might have to change certain ideas he had been mulling over, and that he might ask me in about a fortnight if he could discuss the subject with me again. The SPD, he said, was having a meeting fairly soon in which they were going to have to try to find a way of "doing something about the East Sector", and the probability or improbability of Berlin's becoming a twelfth *Land* would enter into the picture (this remark was extremely vague and I answered only that I would be glad to talk to him further whenever he wanted). He then asked whether the situation would be changed if East Berlin were to become a sixth *Land* of the GDR. My answer to this was that I thought, should it happen, it would probably eliminate overnight the objections to twelfth *Land* status.

It would be extremely helpful if you could let me know what the thinking really is on this subject in Washington. I know that many of you strongly favor the idea but I know, too, that there is some opposition to it among our people in Frankfurt and Bonn and, as far as I can see here, the French remain unalterably and strenuously against it, although the French political people, at least, in Berlin say that "if the Soviets incorporate East Berlin into the GDR on Tuesday West Berlin can become a twelfth *Land* on Wednesday".

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[1] Omission in the source text.

[2] Suhr had visited the United States in April. A memorandum of his conversation with Secretary Acheson and other officers of the Department of State, dated April 12, on various topics concerning Germany is in file 762A.13/4-1251.

My principal reason for asking you about this question is because I think that if there is, in fact, no chance of twelfth *Land* status for the time being, we should try to persuade the Berliners not to keep on making an issue of it. Every time Reuter makes a speech on the subject, French distrust of him increases. This means not only a worsening of Franco-Berlin relations in general but also—and this is very important—it means that the French regard every act of the city government which tends to strengthen Berlin's relationship with Bonn as a sly means of trying to make Berlin a twelfth *Land* by the back door. The result is not very happy, as you can imagine. Another aspect of the matter is partially set forth in our telegram 1341 of May 2[3] regarding the François Poncet–Reuter controversy over Berlin (there is more on the subject in Karl's attached memo of May 4[4]). This, too, has certainly caused a deterioration in Franco-Berlin and Franco-Reuter relations, and has not made our tripartite work any easier either. My perhaps over-optimistic idea is that, unless it is contrary to our immediate policy, we might try to persuade Reuter and Co. how unrealistic it is for the time being to continue their pressure for twelfth *Land* status, and that they could achieve a good deal more for the city if they would keep quiet on the subject and devote their efforts to strengthening Berlin's practical ties with Bonn to the greatest extent possible short of actual integration. If this could be accomplished, there is just a possibility that French suspicions might subside and they might consequently accept a good deal which they now oppose.

Forgive this long harangue, but it is a difficult problem and I think it is worth a try at smoothing things out a bit.

Best wishes to you and Jessie and others in GER.

Sincerely,

REBECCA

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[3] Not printed; it reported that the French Commandant had censured Reuter on behalf of François-Poncet on April 25 for the Mayor's publication of an article in *Telegraf* which stated that the French attitude on the twelfth *Land* status of Berlin and the question of the Saar were stumbling blocks to *rapprochement* between France and Germany. (850.33/5-251)

[4] Not printed; it reported particulars on Reuter's attitude toward the controversy with François-Poncet.

762A.33/6-2151 : Telegram

The Acting United States High Commissioner for Germany (Hays) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL BONN, June 21, 1951—4 p. m.

1241. Bundestag debate June 20 of Kemritz affair (see Bonn's 978 Dept rptd info Frankfort 1239, June 20[2]) was one of strongest most resentful demonstrations of plenum ever made against an Allied power. Speakers of all parties unanimously condemned TICOG decision to prevent Kemritz trial as mockery of justice, unjust, unbearable, unacceptable, etc. All speeches reflected violent reaction and were in several instances used to attack HICOM policies.

Deputy Arndt (SPD), after introducing interpellation outlined history of Kemritz affair and then launched bitter, aggressive attack against legal and moral reasons HICOG gave for interference June legal proceedings against Kemritz, including form and text of HICOG statement announcing discontinuation of case. He termed statement especially serious one which cld easily make human rights case.

Arndt then categorically disputed legality of three different HICOG actions, i.e., ordering discontinuance of (*a*) civil suits against Kemritz, (*b*) his trial by court of honor of Bar Assn, and (*c*) trial on criminal charges. (*a*) and (*b*) Arndt maintained HICOG action illegal because interests of occupation powers were not affected. Such interference in private Ger affairs no longer justifiable even on basis of already outdated occupation statute. He compared Arbeitsfront case under Ley with Kemritz affair, concluding that it was not in interest occupation powers to use such precedents. In this connection Arndt referred to possible tax evasions of Kemritz, sarcastically hoped Allies wld not prevent collection. Re (*c*) Arndt asserted that provisions of HICOM Law 14 were not applicable since its protective clauses shld only apply to persons who cooperated with Allies within limits of human rights and dignity.

Re HICOG statement of June 13 [*14*], it was responsible for new and serious situation. Arndt stated such statement wld not have been made if McCloy had been in his office to handle issue himself. Arndt explained he was convinced that neither McCloy nor Amer people and its reps cld be associated with evil spirit of announcement. This spirit, however, was evident in denazification; it was reflected in attempts to make recognition of fon debts a condition for recognition of separate West Ger state; it was to be found emanating from outdated Morgenthau plan which with false decartelization policy had compromised Eur idea of Schuman plan. This spirit is un-American and its results are pro-Soviet.

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[1] Repeated to Washington, Berlin, London, Paris, and Moscow.

[2] Not printed; it reported that the Bundestag debate on the Kemritz case had been "somewhat heated and bitter", and that a full report followed.

On June 14 HICOG had announced that Federal prosecution of Dr. Hans Kemritz, a Berlin lawyer who was accused of trapping West Germans for the Soviet Zone secret police, was being discontinued under High Commission Law No. 14. For the text of Allied High Commission Law No. 14. "Offenses Against the Interests of the Occupation", dated November 25, 1949, see *Laws, Regulations, Directives and Decisions*, vol. I, pp. 46–50. (762A.33/6-2051)

Arndt then bitterly castigated Kemritz for betraying Gers to death at hands of totalitarian power. This was murder. Many death sentences were carried out on Ger territory (referring to Sov Zone). "How are we supposed to protest against such Sov Zone terror justice, if one wants to describe such arrests as legal?" Kemritz victims perished without even pretense of verdict. "If this were legal it wld mean that Nuernberg trials had not taken place."

Finally Arndt argued that Allied use and support of Kemritz cannot be justified on legal or security grounds. Summary of argument: "It is impossible and fatal to link question of morality with profit one acquires from the act. I cannot recognize that assistance for inhumanity can be balanced by services rendered."

Fed Min Justice Dehler, main speaker for govt, painted his connection with Kemritz affair as that of defender of justice who had taken all necessary steps in that direction, while hoping that Americans wld assume correct attitude. He claimed that he had been long mystified by Amer attitude in Kemritz affair and indicated that dark reasons behind it were now clear but completely unjustified. He agreed completely with interpellations advanced in Bundestag concerning Kemritz case. He traced history of Ger-Amer entanglements over case, carefully stressing that he had proceeded industriously and properly. As soon as Ger trial of Kemritz was in offing, Amer counter-action began but without reason. He had believed until recently that Amer court in Berlin intended to try Kemritz but now it appears no such trial will occur. Ger prosecutor in Berlin, however, will proceed with case in Ger court. "We have not submitted our documents on Kemritz" to Amers in Berlin. He agreed fully with Arndt's arguments on "impossibility and legal intolerability of action of Amer authorities." He maintained that Amers have not even tried to justify themselves re any basis for this case touching interest of occupation power. Nor is there any real legal basis for Kemritz action in turning over automatic arrestees to barbaric treatment of Russians. Any extradition shld have taken place through formal requests from one occupation power to another, not thru criminal activities of Kemritz. HICOG statement that Kemritz had been of assistance in these arrests is "intolerable and bare of justification". It is grotesque to state that Kemritz has provided valuable assistance. "Fed govt has no understanding for Amer attitude in this case". Kemritz activities are worst crimes in Ger penal code and constitute serious deprivation of freedom and grave offense against humanity "which is always proclaimed by Amer authorities". "Victorious powers shld be pleased over our reaction to injustice." "Today I had discussion with official of Amer High Comm and this official told me 'Kemritz is no longer under Ger jurisdiction. He has already left Ger territory or is at least going to do so'". Fed Govt desire for settlement of Kemritz crimes will not be deterred by this action. Fed Govt will formally protest against statement of Office of Legal Affairs HICOG and will ask US High Commissioner to cancel all actions preventing Kemritz trial. Fed Govt also expects Ger trial pending against Kemritz in Berlin to continue. Fed Govt will decide whether to request extradition of Kemritz.

Merktaz, DP Deputy, echoed Arndt and Dehler, and expressed opinion that interference with Ger justice illegal in view revised occupation statute.[3] He and his friends "will resign for [*from*] political activity if atmosphere is not cleared". DP expects guarantees from occupation powers re future interpretations of general political provisions of occupation statute. HICOM Law 13 shld be abolished.[4] DP regards any "beetle of occupation powers" with contempt and refuses to aid any collaborator. If this case is finally resolved, relations between Ger and occupation powers can be cleared.[5]

Comment: Questions arise whether resentment expressed is sincere or mere blowing off of excess steam. One of disturbing aspects is that despite fact Ger leaders were confidentially informed of real nature of this case and its basis, speakers, especially Dehler, decided to embarrass HICOG as much as possible. In private conversations all leaders including Dehler had expressed understanding of US action if not full agreement.

Suggest best public attitude by all Amer quarters on this case be dignified silence and if that impossible firmly worded oral statement to effect actions with which Kemritz charged fall clearly under jurisdiction Amer courts and not under Ger courts. Re any statement that NKVD was legal institution or services rendered by Kemritz valuable, shld be kept in mind that both theses, regardless of legal tenability, are from political view thoroughly indigestible in Germany. Since we cannot convince Ger public we are right best we can do is be firm and haughty with implication that when all can be told, they'll regret present outburst. This will at least command Ger respect.

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[3] For documentation on the revision of the Occupation Statute for Germany, see pp. 1410 ff.

[4] For the text of Allied High Commission Law No. 13, "Judicial Powers in the Reserved Fields", dated January 1, 1950, see *Laws, Regulations, Directives and Decisions*, vol. I, pp. 39–42.

[5] In a similar situation in the Berlin House of Representatives on June 22, the Kemritz case was discussed "soberly" and a joint motion, calling on the Senate to take the necessary steps so that the criminal proceedings against Kemritz could be tried, was adopted unanimously. At a reception following the session various Berlin officials "showed their deep concern over matter and their apparently real fear re US loss of prestige in Berlin and deterioration US–Ger relations here." Page reported these events in telegram 1536 from Berlin, June 22 (762A.33/6–2251).

HAYS

762A.00/7-1651 : Telegram

The Director of The Berlin Element of HICOG (Page) to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET BERLIN, July 16, 1951—6 p. m.

73. Berlin Govt circles distressed at failure of Bundestag to effect final action on budgetary aid to Berlin prior to summer recess, thereby deferring action until after resumption of sessions on Sept 1.

Senator for finance Dr. Haas now at Bonn attempting to obtain commitment for DM 50 million monthly pending final agreement. Berlin political leaders circulating reports even more pessimistic than serious situation justifies; this is apparently done to improve Berlin's bargaining position with FedRep and to enlist allied support in Berlin's cause.

Monthly average revenues first quarter current fiscal year (June figures estimated) total DM 143.4 million, of which 45.8 million constitutes Federal budgetary assistance pending definite agreement; average monthly expenditures same period DM 155.7 million. Average budgeted revenue (as provisionally approved by Senate July 11) DM 166.3 million, which DM 67.9 million constitutes Federal budgetary assistance; average budgeted expenditures (same basis) DM 166.3 milliion. Actual revenues first quarter previous fiscal year were DM 124.2 million, of which DM 41.7 million constituted Federal budgetary assistance; average monthly expenditures same period were DM 125.7 million. Increased expenditures of this year are primarily due to social legislation to place Berlin standards on par with those of FedRep.

To support position, Senate has prepared list of urgent obligations which will remain unpaid as of July 31, totalling DM 49.8 million. While certain obligations will undoubtedly remain unpaid, Berlin element has not yet been able to examine proposed utilization of July revenues, which shld continue at current high level; analysis will follow.

June tax revenues, totalling DM 71 million, exceeded revenues of last comparable month by approx 10 percent.

Senate has also prepared list of additional monthly expenditures totalling DM 16 million of which assistance will be required. Examination reveals that the bulk of this amount is contingent upon legislation which has not yet been promulgated, involving such items as pensions, social welfare benefits, wages and salaries.

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[1] Repeated to Washington and Paris. The source text is the copy in the Department of State files.

Actual Federal budgetary assistance received during first quarter current fiscal year averaged DM 47.3 million monthly; since a portion was received on account of next quarter, assistance allocated for first quarter averaged DM 45.8 million. Comparison with DM 50 million monthly now requested by Dr. Haas therefore indicates no substantial deviation.

While Berlin element considers that gravity of budgetary situation, as portrayed in reports of Berlin officials, shld be discounted, in the light of their intended use as bargaining weapons, Berlin element does feel that budgetary assistance of DM 50 million monthly is necessary pending final agreement, and that this amount will enable Berlin Govt to manage through careful screening of expenditures and deferral of payments where possible.

It is requested that HICOG exert all possible appropriate influence on FedRep to ensure that such assistance is granted.[2]

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[2] On July 17 the Department of State supported Berlin's view on the need for budgetary assistance from the Federal Republic, instructing HICOG to take a strong position regarding the 50 million mark supplement to the Berlin budget and to press for an early conclusion of an agreement embodying such aid. (Telegram 425 to Frankfurt, July 17, 862A.10/7-1751)

762A.6/7-2051 : Telegram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfurt[1]

TOP SECRET PRIORITY WASHINGTON, July 20, 1951—8 p. m.

549. Urtel 992.[2] This is a joint State-Defense-ECA cable. Berlin stockpile is subj.

A. Although no definitive assurance airlift of particular size can be given, according present indications limited airlift can be mounted, at least to extent of Allied aircraft available in theater. Air Dept suggests USAFE best source estimate of present availability. Reasonable allowance shld be made for Sov ability to restrict airlift to clear weather daytime flights.

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[1] This telegram, drafted by Wyman, Montenegro, and McCormick and cleared with Margolies, Laukhuff, ECA, and the Defense Department, was repeated to Berlin, Bonn, Heidelberg, London, Paris and Moscow.

[2] Not printed; it asked for the Department of State's views on the Berlin stockpile program. (762A.00/6-2651)

B. In view expectation at least small airlift, we cannot agree ur recommendations in para 8 (HICOM/P(51)44 [3]) which fol logically only on assumption no airlift whatsoever in event blockade. We consider availability even limited airlift argues in favor modified staggered stockpiling program which wld create expanded stocks of large-volume items, such as coal, thus easing airlift burden. Airlift cld then concentrate on low-tonnage, expensive items. It is therefore our view that program shld be devised to provide fuel, food, raw materials, medical supplies for one year period when supplemented by daily airlift tonnage estimated by USAFE. Dept believes that extending Berlin's staying power to one year by increasing stockpile and large-volume items and relying on limited airlift to supply other requirements cld have strong deterrent effect, allow more time to develop larger airlift, and help postpone possible show-down until NATO armed strength further developed.

We suggest exploring BDL and/or RLC financing under arrangements whereby coal and possibly other increased stockpiles wld serve as security and sales proceeds as reimbursements. Low per-ton cost of increased coal stockpile compared with cost food, etc., might keep financial problem year's stockpile within reasonable limits, and warrant increased coal stockpile beyond 6-months' level planned for other items.

Augmenting stockpiles other bulky items such as grain-cereal stockpiling beyond 6-months' level shld be considered as well, although realized wld present greater financial and storage difficulties.

We appreciate serious political and econ problems surrounding coal availability, but believe that strategic consideration that such augmented coal stockpile wld for a longer period obviate need full-scale airlift justifies most positive search for solution along lines indicated. Wld seem highly desirable that principle of equality of sacrifice be applied in reducing allocations to interested Western coal importing countries as well as Germany.

C. We realize any staggered program must be based on USAFE estimate of airlift capabilities which shld be reviewed periodically, perhaps monthly.

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[3] Not found in Department of State files; however according to the report on the AHC Council meeting on May 17 the recommendations were:

"(*a*) that Govts be requested reconsider Sept 50 FM decision to build up Berlin fuel and non-perishable foodstuffs to one year's supply with rationing;

(*b*) that in lieu one year's program, Govts be requested to authorize program for full six months supply of food and fuel on basis rationing and without assumption of airlift;

(*c*) that in addition, program for stockpiling raw materials sufficient to maintain minimum employment in Berlin industry and supply Berlin needs for six months period should be established." (Telegram 864 from Bonn, May 18, 762A.00/5-1851)

D. Dept aware from para 3 Bonn 1009 Jun 29 rptd Fkft 1276,[4] that Brit and Fr govts have approved balanced 6-months' stockpile and that proposed change wld require their concurrence.

E. Previous discussions this subj have largely ignored airlift tonnage requirements for exports from Berlin, on assumption that incoming capacity wld be adequate cover export requirements on return trips. Above plan, as well as recent Berlin export difficulties, point up possibility that capacity limitation may arise on export rather than import side. Therefore, request estimate export tonnage requirements to supplement info Deptel 7475 May 8 and Fkft 9513 May 25.[5] Also, wld appreciate info raw material stockpile when available.

F. Wld appreciate ur comments re our gen reasoning, problem coal procurement, amt additional funds required for augmented stockpiling program, availability storage space, and time needed to complete staggered year's program.

G. Cpy Deptl paper recommending staggered stockpiling program pouched to HICOG and Howard Jones.

ACHESON

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[4] Not printed.

[5] Neither printed.

CFM files : lot M 88 : box 187, questions affecting Berlin

The Chairman-Secretary of the Allied Kommandatura, Berlin (Sleeman) to the Secretary-General, Allied General Secretariat, at Frankfurt[1]

SECRET BERLIN, July 27, 1951.

BK/AHC(51)67

Subject: Effect in Berlin of the Implementation of the Brussels Decisions on Contractual Agreements[2]

Preamble

1. The Commandants have studied AGSec(51)649 of 16 April 1951,[3] which asks for their opinion in regard to possible changes which may be required in Berlin in connection with the establishment of contractual relations between the three Powers and Western Germany.

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[1] The term Allied Kommandatura Berlin was used by the three Western occupation powers in 1951 as a designation for their commandants in Berlin and should not be confused with the quadripartite Berlin Kommandatura which had not met since 1948.

[2] Regarding the Brussels decisions on contractual relations, made by the Foreign Ministers of the United States, the United Kingdom and France, see the U.S. Delegation's minutes of the meeting, held December 19, 1950, *Foreign Relations*, 1950, vol. IV, p. 803.

[3] Not printed.

2. The Brussels decisions (unlike the New York decisions of September, 1950 [4]) do not explicitly call for any action in Berlin. Politically, however, it is most desirable that such a milestone in the development of Allied-German relations in West Germany should have a simultaneous counterpart in Berlin.

3. In considering what form changes might take, the Commandants have assumed that the position of Berlin remains as follows:

(*a*) The sectoral occupation of Berlin continues under military Commandants.

(*b*) The (theoretical) unity of Berlin under the Senate and the quadripartite Allied Kommandatura continues.

(*c*) The suspension of Article I, paragraphs 2 and 3 of the Berlin Constitution (regarding Berlin's association with the Federal Republic) remains.

I. *Should Contractual Agreements Be Negotiated in Berlin?*

4. The Commandants are legally advised that

(*a*) There is no method whereby contractual agreements can be entered into between persons or a body representing three of the Allies on the one hand and the Berlin City Government on the other which is not open to legal criticism in some degree or other.

(*b*) Probably the least objectionable method (if contractual agreements for Berlin are considered to be essential) would be for the three Western Commandants, each authorised *ad hoc* by his respective Government, to be jointly and severally the parties of the first part to any agreement. The Regierende Bürgermeister would be the other party. To allow the Bürgermeister so to act, any necessary prior amendment should be made to the Statement of Principles [5] and his authority to execute the particular contract (or contracts) on behalf of the City Government should be provided for in a Law passed by the House of Representatives.

5. The Commandants consider that it would be politically inadvisable to tamper with the legal authority reposing in the Allied Control Council, from which the authority of the Allied Kommandatura depends, as long as the Control Council still theoretically exists. Furthermore, were the course suggested in paragraph 4(*b*) of the legal opinion above adopted, the Commandants would have been deprived of the right to exercise in the Allied Kommandatura certain powers which the fourth (Soviet) member would not have surrendered and would still theoretically be able to exercise through the Allied Kommandatura. From the practical point of view, given the constitutional peculiarity of Berlin, its financial and economic dependence on the Federal Republic, and the vulnerability of the Allied position here,

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[4] For the text of the Foreign Ministers decisions on Germany, see *Foreign Relations*, 1950, vol. III, Document 37 (Final), September 19, 1950, p. 1286.

[5] For the text of the Statement of Principles as amended by the First Instrument of Revision, see p.1900.

there are probably few reserved powers which could satisfactorily be the subject of contractual agreements.

6. *Conclusion:* No contractual agreements in Berlin.

II. *What Should Be the Instrument of Control Defining Relationships Between the Allies and the Berlin City Government?*

7. The Commandants have considered three possibilities:

(*a*) Substituting for the Statement of Principles a new document which would not spell out any reserved powers but would reserve to the Allies a general right to intervene in the interests of security, democratic government, the international obligations and interests of the Allies, or the financial and economic stability of the City.

(*b*) Substituting for the Statement of Principles a generally-worded document as suggested in (*a*) above, accompanied by a confidential document defining the specific fields in which the Commandants reserve the right to exercise control.

(*c*) Revision of the Statement of Principles. There are three ways in which the present Statement of Principles might be liberalised in substance:

(i) By elimination or modification of certain existing reserved powers independently of any German action.

(ii) By elimination of other reserved powers contingently upon a contract between the Western Allied Governments and the Federal Republic.

(iii) By elimination of further reserved powers contingently upon German legislation in Berlin.

8. Under a revision of the Statement of Principles, or a new document defining specific reserved powers, the following powers presently reserved might be eliminated or modified (see Statement of Principles attached as Annex "A"[6]):

2. (*f*), provided that the suspension of the provisions of the Berlin Constitution regarding Berlin's association with the Federal Republic remains, and provided that a Constitutional Court is available. (The French Commandant considers necessary the further stipulation that a *Berlin* Constitutional Court be available, and that a safeguarding clause regarding possible constitutional amendments be included in the instrument of control).

2. (*h*), provided that the position of Spandau Prison is not affected.

9. The powers presently reserved under 2(*g*) of the Statement of Principles, and perhaps parts of 2 (*a*) and (*b*), might be eliminated contingently upon a contract between the Western Allied Governments and the Government of the Federal Republic.

10. The powers presently reserved under 2(*d*) and other parts of 2 (*a*) and (*b*) of the Statement of Principles might be eliminated contingently upon German legislation.

11. The powers now reserved under paragraphs 2 (*c*), (*e*) and (*i*) of the Statement of Principles must be retained in one form or another.

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[6] Annex A, not printed; for the text of the Statement of Principles, see p. 1900.

12. It must be noted that revision of the reserved powers in Berlin depends on whether and to what extent contractual agreements concluded with the Federal Republic will contain provisions for Berlin. It is emphasized that some means must be devised for continuing economic and financial aid for Berlin, as set forth in BK/AHC(51)37.[7]

13. *Conclusions:*

(*a*) *All three Commandants* recommend against the proposal made in II.7(*b*) above (i.e., a generally-worded document accompanied by a confidential definition) on the grounds that it is most undesirable to have any secret document of control which is more restrictive than the public document. In addition such a secret document must inevitably become common knowledge in view of the effect it would have on the day-to-day processes of government, and its purpose would thereby be defeated.

(*b*) *The French and British Commandants* believe that a revision of the Statement of Principles as in II.7(*c*) above is the preferable procedure. They are against the course mentioned in II.7(*a*) (a generally-worded document) for three reasons:

(i) A precise definition of reserved powers is desirable in order to prevent disagreements among the Allies on when they should intervene, and also to prevent recrimination from the Germans if intervention is decided upon.

(ii) They believe that the Germans themselves might prefer to know as precisely as possible where they stand and not be subject to a general reservation which might mean everything or nothing, and

(iii) Such a document, however liberally it might be interpreted, would be a gift for communist propaganda.

(*c*) *The French and British Commandants* therefore recommended that an examination of the possibilities of a revision of the Statement of Principles along the lines mentioned in II.7(*c*) above be instituted forthwith. *The U.S. Commandant* agreed, despite his immediately following recommendation, and action has been taken accordingly.

(*d*) *The U.S. Commandant* recommends that the generally-worded document envisaged in II.7(*a*) above be adopted. He is of the opinion that, although the special circumstances prevailing in Berlin prevent the granting of as much authority in Berlin as in the Federal Republic, every effort should be made to introduce a new note into Allied-German relationships in the city, and to put those relationships on as liberal and realistic a basis as possible. This cannot, in the U.S. view, be accomplished by mere revision of the Statement of Principles in more or less the same *form* as at present and with the *substance* changed only be a reduction in the number of reserved powers. The adoption of a "Declaration of Allied and German Rights in Berlin" is therefore recommended. (See Appendix "B" for further expansion of this recommendation and for draft "Declaration").

(*e*) *All three Commandants* have agreed that, whatever instrument of control may ultimately be decided upon, their Political Advisers have been authorised—at their discretion as to timing—to obtain the views of the German authorities with regard to form, substance and presentation of a new instrument of control.

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[7] Not printed; a copy of BK/AHC(51)37, "Matters in Respect to Which Berlin Requires Economic and Financial Support of the Federal Republic", dated May 26, is in the CFM files, lot M–88, box 187, questions affecting Berlin.

(*f*) *All three Commandants* have noted with interest the proposal to establish, in the Federal Republic, a "Disputes Commission". Although the situation in Berlin is not the same, the *British and U.S. Commandant* recommends that, whatever instrument of control may be agreed upon, there be established an "Allied-German Consultative Commission" which would, as its name implies, have consultative powers only. It is believed that such a Commission would offer an effective means of maintaining the necessary Allied-German cooperation, and for constructive discussion of divergent opinions. *The French Commandant* reserves his final opinion on this point, feeling personally that it is not acceptable at the present time.

III. *What Should Be the Relationship Between the Allied Administration in Berlin and the Council of Ambassadors in the Federal Republic?*

14. Secret Minute 3 (agreed Minute on controls in Berlin) of the Charter of the Allied High Commission established a procedure which has in practice worked satisfactorily.[8] Its disadvantage has been that, since it defined the relationship between the quadripartite Allied Kommandatura, of which the Soviet Union remained theoretically a member, and the tripartite Allied High Commission, in which the Soviet Union was not a member, its existence has had to remain secret. The question therefore arises whether some device should not be sought which would obviate the necessity for such a secret definition of Allied relationships.

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[8] Secret Minute 3 of the Charter of the Allied High Commission for Germany reads:

"III. *Agreed Minute on Controls in Berlin*

1. Upon the transfer of the exercise of Authority in the Western Zones from the respective Commanders-in-Chief to the High Commissioners, a corresponding transfer of authority will take place in regard to the Western Sectors of Berlin.

2. Accordingly, as from the establishment of the High Commission, the Allied Commandants will act so far as practicable in accordance with the provisions of the Charter of the Allied High Commission and the Allied Kommandatura will function under the general direction of the Council of the High Commission and in accordance with the provisions of the Agreement on Revised Internal Procedure in the Allied Kommandatura of 14th May 1949 and with the Statement of Principles governing the relationship between the Allied Kommandatura and Greater Berlin of the same date.

3. The forces of occupation of the three Powers shall remain stationed in their respective sectors of the City of Berlin. Command of these forces and control of their related military establishments shall remain with the respective Commanders of the forces of occupation.

4. The above shall not be held to preclude an arrangement whereby the functions of Allied Commandant and Member of the Allied Kommandatura as well as that of Commander of the troops in Berlin may be vested in the same person, who would be responsible to the Allied High Commission in his political capacity and to his military superior in his military capacity." (762A.00/3–150, Basic Documents)

15. *Conclusions:*

(*a*) *The British and French Commandants* suggest that the arrangement set out in secret Minute 3 might remain, perhaps in unwritten form. They see no great objection, however, to a written formulation which would remain secret.

(*b*) *The U.S. Commandant* prefers the elimination of any secret Minute and suggests that if the U.S. recommendation under V below were adopted the necessity for such a Minute would no longer exist.

IV. *Should the Allied Kommandatura Be Supplemented by a Tripartite Allied Organization?*

16. The Commandants see little advantage in this for the purpose of the normal administration of Allied controls in the city. Such a body could indeed be overtly subject to the authority of the Council of Ambassadors in the Federal Republic (see III above) but it would serve no other practical purpose and it would still be necessary to camouflage the relationship of authority between either of these bodies and the quadripartite Allied Kommandatura which would still be the formal authority in the city.

17. *Conclusion:* No such tripartite Allied organisation should be established.

V. *Should the Allied Civilian Headquarters in Berlin Change Their Appearance or Nature?*

18. It has been suggested that the title of "Military Government", still in use in Berlin by the British and French *civilian* elements, be eliminated and that the three Commandants should be supported by diplomatic officers who would have the title of "Ministers", "Counsellors of Embassy", or "Consuls-General". These officials, the successors of the present "Deputies", would be under the authority of their respective Ambassadors in the Federal Republic and would be the channel of instructions from the Ambassadors to the Commandants and for appeals from the Commandants to the Ambassadors, although the Commandants would, of course, remain the authoritative head of each element and would act as such through the Allied Kommandatura. *In the U.S. view*, this would be a step toward normality in Allied-German relations in Berlin and would provide a solution to the problem of subordinating the quadripartite Kommandatura to the tripartite Council of Ambassadors. There would seem to be no practical reason why the Allied Embassies in the Federal Republic should not establish offices in Berlin even though the latter is not formally a part of the area administered by the Federal Government. Furthermore, there could be no valid objection from the Soviet point of view since the Soviet Ambassador to the G.D.R. has his residence in Berlin.

19. *The British and French Commandants*, on the other hand, feel that from the practical point of view little would be gained by this arrangement, while from the formal point of view there might be objection to having a quasi-Foreign Service post in Berlin where there is no Government with international status and where the writ of no Ambassador or Minister runs. On the question of title, the French and British Commandants hold the view that so long as it is desired to preserve the fiction that Berlin is administered as quadripartitely agreed in 1945, it is better to make no more formal changes in administration than are called for by the actual process of substantial liberalisation which continues. Further, so long as Berlin is not to be part of the Federal Republic they see no disadvantage in underlining the differences between the Allied positions in the Federal Republic and in Berlin respectively. They would not, however, of course, suggest that the U.S. element should feel inhibited from making such changes as its diplomatic policy and practice suggest.

20. *Conclusions:*

(*a*) *The British and French Commandants* recommend that no changes be made in the present status of the three Allied Headquarters in Berlin unless any element desires to make a change independently.

(*b*) *The U.S. Commandant* suggests that elimination of the term "Military Government", and the substitution therefor of "Consulate-General" or "Berlin Office of the ———— Embassy" would help to underline the liberalised status which it is hoped may be achieved in Berlin.

21. The Commandants request the Allied High Commission:—

(*a*) to confirm the following agreed conclusions:—

(i) There should be no contractual agreements in Berlin. (Part I, para 6),

(ii) The Allied Kommandatura should not be supplemented by a tripartite Allied organization (Part IV, para 17).

(*b*) to give its direction on the following matters upon which tripartite agreement could not be reached:—

(i) The future instrument of control, defining relationship between the Allies and the Berlin City Government (Part II, paras 7–13),

(ii) The relationship between the Allied Administration in Berlin and the Council of Ambassadors in the Federal Republic (Part III, paras 14 and 15),

(iii) Whether the Allied Civilian Headquarters in Berlin should change their appearance or nature. (Part V, paras 18–20).

R. B. Sleeman
Lt. Colonel

Appendix B [9]

SECRET

EXPANSION OF U.S. COMMANDANT'S VIEW UNDER II, CONCLUSIONS, PARA. 13(*d*), REGARDING INSTRUMENT OF CONTROL

1. Aside from the arguments advanced in the text of the report, the U.S. Commandant considers that the generally-worded "Declaration" below adequately covers all fields in which it will be necessary to retain control under the new relationships. While its terms are broad enough to permit without question the resumption of full authority should circumstances necessitate it, or to intervene with the City Government in any field genuinely affecting Allied interests, it eliminates the necessity for much of the cumbersome supervision required by the present Statement of Principles—a supervision which is irksome to the Germans and is becoming increasingly difficult for the Allies to handle with the reduced personnel available. With regard to the argument advanced by the British and French Commandants that a precise definition of reserved powers is desirable in order to prevent difficulties of interpretation (see II, Conclusion (*b*) of this report), the U.S. Commandant considers that the general statement is sufficiently precise to cover intervention in any important matter and that, under the new relationships, intervention in unimportant matters should no longer be necessary. Furthermore, existing BK/O's, defining Allied instructions in the fields covered in para. 2 of the Draft Declaration below, can remain in existence and others can be issued as may be necessary.

2. The following *Draft Declaration of Allied and German Rights in Berlin is therefore proposed:*

> "1. Berlin shall have full legislative, executive and judicial rights and powers, in accordance with the Constitution of October 1, 1950, as approved by the Allied Kommandatura on August 29, 1950, subject only to the provisions of paragraph 2 of this Declaration.
>
> 2. The Allied Authorities reserve the right to intervene, or to resume in whole or in part the exercise of full authority, if they consider that to do so is essential to the maintenance of security, to the preservation of democratic government, to the fulfilment of the international obligations and interests of their Governments, [or to the preservation of the economic and financial stability of Berlin.] [10] (Final opinion on wording of phrase in brackets reserved pending further study in the light of arrangements regarding aid to Berlin which may be negotiated between the Western Allied Governments and the Government of the Federal Republic).
>
> 3. The Statement of Principles Governing the Relationship between the Allied Kommandatura and Berlin of May 14, 1949, and the

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[9] For the text of Appendix A, see Statement of Principles Governing the Relationship Between the Allied Kommandatura and Berlin, p. 1900.

[10] Brackets appear in the source text.

First Instrument of Revision thereof, effective March 8, 1951, are hereby rescinded.

4. Allied legislation which is inconsistent with this Declaration will be repealed upon request of the appropriate Berlin authorities. All other Allied legislation will remain in force until repealed or amended by the Allied Kommandatura or the Sector Commandant concerned."

3. While hoping that a generally-worded statement along the lines of the above draft may eventually be agreed upon, the U.S. Commandant recognizes the advisability of proceeding meanwhile with the revision of the Statement of Principles as recommended by the British and French Commandants. In the U.S. view, however, it is important that this revision should accomplish as great a liberalization of the Allied-German relationships as is consistent with Allied requirements for security. The revision should consist of something more than a mere reduction in the number of reserved powers. It should take into account the realities of the situation and should not attempt to impose controls which the Allies are unable to administer effectively because of lack of personnel and which hence would only prevent effective administration of the City by the German authorities. In particular, it is recommended that, whatever reserved powers may be retained, consideration be given to delegating to the Germans full authority in those fields, subject only (*a*) to the need for keeping the Allied Kommandatura informed and (*b*) to the right of the latter to intervene should it consider that the delegated authority is being misused. It is further recommended that the new instrument of control be entitled "Declaration of Allied and German Rights in Berlin", or something similar rather than "Statement of Principles", in order to break with past procedure as much as possible.

762A.6/6–351 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

TOP SECRET PRIORITY FRANKFURT, August 3, 1951—9 p. m.

1094. Ref: Dept to Frankfort 549, rptd Berlin 35, Bonn 35, London 498, Heidelberg 16, Paris 499, Moscow 51.[2]

1. Reference cable raises two major issues re basis for increasing strategic stocks in Berlin. First is availability of aircraft. Latest info from 12th Air Force indicates it cld airlift 12–24,000 tons per month after 15 days; that Brit Air Force cld lift 5,000 tons per month after 30 days. Wld thus require 30 days before airlift on basis present aircraft availability cld be fully effective.

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[1] Repeated to Berlin, Bonn, Heidelberg, London, Paris, and Moscow.

[2] Dated July 20, p. 1920.

2. EuCom has advised that daily requirements for combined mil garrison forces and civilian occupation personnel in three West sectors of Berlin wld be 189 tons for first month, for second and third months 198 tons, fourth and fifth months 289 tons, sixth, seventh, and eighth months 435 tons and for ninth month and each month thereafter 656 tons. These figures are based on assumption that present Allied stockpiles wld be utilized until exhausted and then only minimum items necessary for operations wld be airlifted.

3. This data reveals that by end of six months, on basis monthly lift capacity of 29,000 tons, only about half of available in-bound capacity cld be used for Berlin population's needs.

4. Foregoing inextricably bound to second issue of balanced or staggered type stockpile. Before tripartite decision (HICOM/M(51) 14[3]) was reached to recommend balanced six months program, question was debated in great detail. We supported balanced concept principally (*a*) because of our conviction long range planning imperative and necessity divorce stockpile program from periodic fluctuations aircraft availability, (*b*) since six months balanced stocks wld allow sufficient time full consideration of then existing problem before necessity reinstitute airlift. While it is US policy mount airlift in event new blockade, must emphasize many factors which cld result in lesser availability of aircraft at time it is actually required. You appreciate aircraft on hand has primary direct mission of purely mil character and therefore some reluctance wld probably exist on part of EuCom and UK to make it available *in toto* for airlift. As in case of Korea, for example, it was necessary for this theatre to transfer aircraft to other areas in face of emergency.

5. Although US element has assumed primary responsibility for stockpiling effort, UK in particular has at times expressed strong views. We pointed out to UK in negots inconsistency of adopting balanced program re food and coal while planning stock raw materials on assumption aircraft wld be available transport Berlin's finished products to West. We acquiesced to UK wish knowing we cld, at time raw materials actually purchased, insist purchases be consistent with the then prevailing estimate of aircraft availability. These comments illustrate nature of our negotiating problem. Although HICOM/P(51)44[4] submitted May 11, six months program worked out by Berlin Kommandatura not yet approved by commandants due to necessity agree wide range technical aspects problem. Expect approval momentarily.

6. Even more formidable obstacle represented by indifferent attitude of FedRep toward stockpiling effort. We resolved we must continue

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[3] Not found in Department of State files.

[4] Regarding this paper, see footnote 3, p. 1921.

constant pressure on FedRep if delays in shipments to Berlin are to be minimized.

7. We consider it matter of urgency transmit six months program to FedRep and request your agreement. We will reserve US position on proposal to amend foreign mins decision to stock food and fuel for 12 months in Berlin. If you insist on program in excess of six months for coal and certain foodstuffs after receipt our further comments, necessary modifications can be made at later date after discussions with UK and Fr. Detailed comments on reftel will fol in few days.

McCloy

762A.6/8-351 : Telegram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfurt[1]

TOP SECRET WASHINGTON, August 11, 1951—8 p. m.

1091. Reurtel 1094, Aug 3, rptd Berlin 80, Bonn 80, London 85, Heidelberg 63, Paris 90, Moscow.[2]

1. While Dept in suggesting possibility staggered stockpile did not have data re present estimated airlift capabilities and Berlin mil and Allied civilian requirements provided in reftel, this info does not in Dept's estimation affect principle that modified staggered stockpile wld, in conjunction with even limited airlift, give Berlin greater staying power than wld six months balanced stocks. Latter plan evidently contemplates untenable situation at expiration of six months period which nothing less than full-scale airlift cld alleviate, whereas augmented fuel and certain food stockpiles wld extend period in which larger airlift might be mounted or settlement made.

2. If, however, you believe that changing program now wld have dislocating effect on present plans, agreements and commitments and adversely affect fulfillment of stockpiling aims generally, Dept suggests that you proceed with six months program while reserving US position and exploring possibilities of increasing stocks coal and certain foodstuffs beyond half-year level as proposed in last para reftel. Dept will review problem in light ur further comments.

3. Shld it be anticipated that completion of six months program wld leave no funds available for increased fuel, food stocks, Dept suggests that consideration be given to possibility later obtaining necessary amts through sale to Berlin population of higher priced,

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[1] This telegram, which was drafted by Montenegro and cleared by the Department of Defense, ECA, GPA, and GEA, was repeated to Bonn, Berlin, Heidelberg, Paris, London, and Moscow.

[2] *Supra.*

small volume, items in six months stockpile which cld be most easily airlifted.

4. Present classification due to discussion airlift capabilities.

ACHESON

762A.0221/8-2351 : Telegram

The Director of the Berlin Element of HICOG (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

SECRET BERLIN, August 23, 1951.

Unnumbered. Ref mytel 341, rptd Dept 288, Bonn 127, Paris 103.[2] We have been increasingly disturbed of late over seemingly intransigent attitude of French here which has led to stalemate on number of important matters affecting Berlin. This attitude has been particularly marked in discussions, both formal and informal, re new relationships to be introduced in Berlin as corollary to contractual agreements in West. French Econ Adviser Lefort, now also Acting Deputy Commandant, has several times recently expressed to us his concern over obviously fundamental differences of opinion and he invited Wellington, US Pol Adviser Berlin, to informal mtg at his house Aug 21 to discuss problem in attempt to expose and if possible reconcile differences. French Polad de Lousse also present.

It was agreed at outset of discussion that all would speak quite frankly and that, although views presented would obviously be within framework of policies of respective govts, some comments might of necessity merely represent personal interpretations of those policies.

French opened by expressing their basic fears that liberalization of controls in Berlin would enable Germans to lead Allies into war. Berlin, they said, represented "the spearhead, the springboard" of German irredentism re East Ger territories. If Berlin govt, especially Reuter, were allowed leeway in conduct of city affairs and, above all, if they were allowed too close association with West Germany, they would incite West German irredentism to point where Allies would inevitably be drawn into war. Western defense not yet adequate to war which, if it came now, would mean France "would be finished forever." French policy recognizes importance of maintaining Allied position in Berlin and making city "show window of West" but this should be achieved without incurring risks which would inevitably follow if Allies relaxed any of controls aimed at preventing Berlin becoming twelfth *Land*, "by back door" or otherwise.

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[1] This telegram, drafted by Wellington, coordinated with Lyon, and cleared by Jones, was also pouched to Washington, Paris, and Bonn. The source text is the copy in the Department of State files.

[2] Not printed; it transmitted a summary report on the meeting discussed in detail in this telegram.

Wellington pointed out that although she assumed US policy remained favorable in principle to Berlin's becoming twelfth *Land*, she felt she could assure French that US had no intention of pressing for twelfth *Land* status in foreseeable future. Given this assurance and knowing Brit attitude was more or less same, French position seemed somewhat illogical, since as long as Allies stood firm on this point it was impossible for Berlin to become twelfth *Land*, even by back door. Furthermore, French argument that closer Berlin–West Germany association would enable Berlin to incite West German irredentism seemed unrealistic in view general West German lack of interest in Berlin and Sovzone, and fact that even Oder-Neisse line presently little more than propaganda football. (French admitted validity this point.) In fact, prolonged unnatural separation of Berlin from West appeared present greater potential danger of inciting irredentism than would normal association of the two free parts of Germany. If French agreed that Berlin should be show window of West, city must be allowed to develop its ties with West. Bluntly speaking, show window had been maintained largely by means of US dollars, and it was difficult to envisage continued effective maintenance on this basis if city was to be isolated economically and politically, as well as geographically, from West Germany.

French then expanded their argument re irrendentism. SPD, they said, as most vocal agency in this respect, offered greatest danger. Should Berlin become too closely associated with West Germany, Reuter might gain ascendancy in party over Schumacher and, since he followed more reasonable line in general, he might attract West German adherents who shy away from Schumacher's radicalism. If, therefore, through Reuter's influence, SPD gained in power in West Germany, danger of Allies being drawn willy-nilly into war would be increased. When asked if what they really meant was that they considered radicalism of Schumacher less dangerous to Allies than reasonableness of Reuter, they somewhat shamefacedly admitted this was more or less the case.

Asked if real reason for their attitude toward Berlin did not lie in their fear of a reunited Germany with Berlin as capital, they warmly but rather perfunctorily denied this was so. European unity, which was essential, must be based on Franco-German *rapprochement*. Schuman Plan, Pleven Plan [3] were steps in this direction. Given 2–3 years, unity could be achieved by such means. Then, but not until then, would West be in position to risk more positive policy re Berlin and steps toward German reunification.

After several hours discussion along above lines, Wellington was asked to summarize US position re Berlin. On understanding that statement must obviously be subject to confirmation by higher authority, following was presented as outline of US views:

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[3] For documentation on the Schuman Plan, see volume IV; regarding the Pleven Plan for a European Army, see pp. 755 ff.

1. No twelfth *Land* status in foreseeable future, given continuation of present situation (although if GDR were to declare Berlin a sixth *Land* this would presumably change picture).
2. Supreme authority to be retained by Allies.
3. Beyond this, Germans to be allowed to conduct their own affairs subject only to Allied intervention, or Allied resumption of authority in whole or in part, if necessary to maintenance of security, fulfillment of international obligations and interests of their govts or preservation of city's economic and financial stability. (Re latter point French at first asserted complete disinterest in retaining control although they recognized US interest in view US financial aid. When Wellington explained this point was intended include such matters as recent *Warenbegleitscheine* and other trade difficulties, French somewhat lukewarmly conceded its importance).
4. Closest possible ties, short of twelfth *Land* status, to be encouraged between Berlin and West Germany, this to include permission for Berlin to pass laws which adopt Fed laws merely by reference (this is presently subject of considerable controversy in Kommandatura); to merge certain offices and services with those of Fed Rep such as, perhaps, Postal Dept; and, where necessary in view of economic and financial aid given Berlin by Fed Rep, or because of other practical reasons, to permit Fed Rep to exercise certain amount of authority over Berlin city govt.

Wellington explained that above was based on following considerations: (*a*) Berlin cannot be expected to maintain its unique and valuable position behind iron curtain if it is not allowed normal progress in conduct of its own administration and in development of its natural ties with accessible parts of Germany; (*b*) it would have disastrous psychological effect and play into hands of Communist propagandists if Berlin lagged too far behind West Germany in relaxation of controls; and (*c*) it is wholly unrealistic and unreasonable to impose greater controls than reduced Allied personnel can effectively administer.

French position summarized as follows:

1. No twelfth *Land* status.
2. Allied supreme authority retained.
3. No association with Fed Rep which would give city any attributes of even *de facto* twelfth *Land* status (French consider US point 4 above would lead to such status).
4. Reduction in number of present reserved powers but otherwise no relaxation of controls.
5. Allies to have right of prior approval of German action "in certain fields". (French intentions this point unclear. When pointed out to them that, even under para 5 of present Statement of Principles,[4]

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[4] For the text of the Statement of Principles Governing the Relationship Between the Allied Kommandatura and Berlin, as modified by the First Instrument of Revision, dated March 8, see *Sixth Quarterly Report on Germany, January 1–March 31, 1951*, pp. 145–146.

German legislation is not subject to prior approval they hemmed and hawed but, in answer to direct question, admitted they would prefer to revert to prior approval in some fields).

Lefort aptly summed up opposing views by saying "We both consider show window must be maintained but while you are willing let Germans fill it as they wish, subject only to withdrawal of objects of which you disapprove, we want to control all that goes into it." Wellington suggested that what French really wanted was complete isolation of city from West Germany as well as maintenance of tight control. French agreed.

In concluding discussion, French said basic differences obviously so great they saw no hope of reconciling them on Berlin or even HICOM level. They expressed opinion, however, that resolution of problem so important as to warrant discussion by Fon Mins in September.[5] They intended, they said, cable Paris at once giving gist of conversation which they felt had been valuable in exposing differences hitherto unclarified. They agreed that, like US position, French position had only been personal interpretation. They said it now probable that Quai d'Orsay would ask French Embassy Washington to seek State Dept confirmation of US views as expressed by Wellington.

Since British were not present at mtg it was agreed that conversation might be reported to them if any of participants wished. We intend do this tomorrow.

Comment: It is difficult to estimate whether French position as outlined above is wholly accurate interpretation of governmental policy. We have gained impression in recent months that some of French here, particularly de Leusse, are inclined to put words into mouth of Quai d'Orsay when they wish to be more than usually restrictive. This impression is further borne out by fact that in some cases where tripartite agreement in Berlin has been impossible because of adament French stand, agreement has subsequently been reached in High Commission without too great opposition from French there. (Brit here recently remarked that they attributed this to "fact that François Poncet is under strict instructions to get along with McCloy".)

Whatever the facts may be, we agree with French opinion that high level resolution of fundamental differences is essential if we are to make any progress here in future on tripartite basis. Even day to day operations are at present difficult, with French usually in opposition to Brit-US, and Kommandatura work bogged down as result. In conversations with Brit during past several weeks, it has become apparent that their views re future policy in Berlin are now more or less in accord with ours as outlined above, and that little difficulty is to be expected in reaching agreement with them re basis of new Allied-German relationships.

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[5] For documentation on the Foreign Ministers meetings at Washington, September 10-14, see pp. 1163 ff.

JONES

398.10-GDC/8-2251 : Telegram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfurt[1]

SECRET WASHINGTON, August 28, 1951—6 p. m.

1457. Re Berlin tel 284 Aug 22, rptd Frankfort 337, Bonn 126.[2] We believe that as soon as contractual arrangements with Fed Rep have been concluded revision of relationship between Allied and Ger authorities in Berlin shld be effected. Although we anticipate that "questions relating to Berlin" will be a field reserved to auth of Three Powers, we wld hope that conditions of Allied control in Berlin cld be liberalized to maximum extent compatible with special conditions obtaining in Berlin. In reviewing relationship we consider Kommandatura shld be guided so far as possible by gen scope of auth granted Fed Rep in contractual arrangements subj to qualification noted in foregoing sentence.

Although preliminary work by Kommandatura wld probably be useful we believe that Brit and Fr elements shld not be pressed to proceed with this work at this time. Once agreement is reached among three FonMins on principles to govern contractual arrangements with Fed Rep it wld seem appropriate for Kommandatura to resume discussions. We shall attempt to furnish more detailed comments re BK/AHC(51)67[3] subsequently.

ACHESON

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[1] This telegram, drafted by Calhoun, was repeated to Bonn and Berlin.

[2] Not printed; it reported that the British and French were reluctant to proceed with a draft revision of the Statement of Principles for Berlin until some reaction from the High Commission or the respective governments had been received concerning Berlin's status in the new contractual relations. (398.10-GDC/8-2251)

[3] Dated July 27, p. 1922.

762A.00/9-151

Paper Prepared by the Berlin Element[1]

SECRET

BERLIN, August 31, 1951.

DRAFT POSITION PAPER ON NEW RELATIONSHIPS TO BE ESTABLISHED IN BERLIN

Summary It is considered a political necessity to liberalize Allied-German relationships in Berlin as much as possible simultaneously with the establishment of contractual arrangements in West Germany.

Tripartite discussion in Berlin of this and related subjects during the past few weeks has revealed a profound divergence of views between the British and the U.S., on the one hand, and the French on the other which, it is believed, cannot be resolved at a level lower than that of the Foreign Ministers. Failure to resolve it can only lead to deterioration of Allied and Allied-German relationships in Berlin and to a retarding of the city's administrative progress and economic development. The only ones to benefit from this situation will be the Soviets.

The recommended U.S. position, with which it now seems likely that the British will in general concur, is that beyond the retention of supreme authority and the continuation of the ban on Berlin's becoming a twelfth *Land* of the Federal Republic, the Germans shall be allowed to conduct their own affairs subject only to Allied intervention under certain circumstances or for the fulfillment of certain objectives; furthermore, that Berlin shall be encouraged to develop the closest possible ties with the Federal Republic short of *de jure* twelfth *Land* status. An essential corollary is a guarantee of continued Federal aid for Berlin.

The French position is, of course, similar to that of the U.S. insofar as concerns the retention of supreme authority and the ban on Berlin's becoming a twelfth *Land*. Beyond that, however, there is no agreement. The French wish no relaxation of controls except for a reduction in the number of reserved powers. They furthermore wish to re-establish the Allied right of prior approval of German action "in certain fields", which is understood to include any matters concerning Berlin's association with the Federal Republic such as legislation and treaties. They emphasize that there should be no association of Berlin and the Federal Republic which would give the city any attributes of even *de facto* twelfth *Land* status.

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[1] The source text was attached to a paper, dated September 1, entitled "HICOG Comment on Berlin Paper", not printed, which stated that it was accepted by the U.S. High Commission for Germany "as consistent with and representing its own views subject to the following qualifications:" (1) HICOG was not prepared to agree to the merger of the Berlin and Federal Post or to allow the Federal Republic authority over Berlin in view of the possible repercussions to access to Berlin, (2) as regards the draft Declaration, HICOG felt the reservations on the twelfth *Land* status should be clearly set forth, paragraph 2(*b*) should be eliminated, and the list of powers to be retained was not yet necessary. After agreeing that a decision of the Foreign Ministers was necessary with regard to the future of Berlin, the paper concluded:

"While the French Element of the High Commission is far more liberal and inclined to reason than the French Element in the Kommandatura, it is still subject to a legalistic and somewhat narrow approach and frequently to undue influence from the rigid views of the French Element in Berlin. HICOG agrees that only a Foreign Ministers' decision will correct this situation."

I. PROBLEM

1. To determine the extent of liberalization which can be effected in Berlin as a counterpart to the establishment of contractual relations in West Germany.

II. DISCUSSION

1. Although the Brussels Decisions do not of themselves require modification of Allied-German relationships in Berlin, it is politically impossible not to liberalize those relationships as much as possible under the special circumstances existing in Berlin, simultaneously with the establishment of contractual arrangements in West Germany.

2. The Allied High Commission, in AGSec(51)690 of April 24, 1951,[2] invited the Berlin Commandants to express their views regarding the matters in which Berlin would require support from the Federal Republic, in view of the "possible effects upon Allied and German interests in Berlin of the intended changes in the present occupation regime". The Commandants' reply, which was contained in BK/AHC(51)37 of May 26, 1951,[2] listed 14 points on which they considered Federal aid to Berlin necessary. The Commandants did not comment on how this aid was to be guaranteed, since they understood that this subject was under discussion in the High Commission.

3. In AGSec(51)649 of April 16, 1951,[2] the High Commission sought the Commandants' opinion on "the possible changes which may be required in Berlin in connection with the establishment of contractual relations between the three powers and Western Germany, assuming that the contractual arrangements with the Federal Government will not themselves alter existing relations between the Allied Kommandatura and the Berlin City Government". The Commandants' reply to this was delayed, due to basic differences of opinion, until July 27, 1951, when they submitted BK/AHC(51)67.[3] This document showed disagreement between the Commandants regarding the extent of liberalization and the form of the new instrument of control which might be introduced in Berlin. The French and British Commandants favored a mere revision of the existing Statement of Principles with retention of certain reserved powers; the U.S. Commandant advocated substitut-

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[2] Not printed.

[3] Dated July 27, p. 1922.

ing for the Statement of Principles a generally worded document which would not spell out any reserved powers as such but would merely reserve to the Allies the general right to intervene under certain circumstances or for the fulfillment of certain objectives. He furthermore recommended the use of a new title such as "Declaration of Allied and German Rights", in order to introduce a new note into the instrument of control.

4. Subsequent to the dispatch of BK/AHC(51)67, it became evident that the basic disagreements between the Commandants went far deeper than that document reflected. Two matters which came to a head in the Kommandatura gave the first indication of the real depth of disagreement. The first concerned Berlin's participation in international agreements of the Federal Republic (see BK/AHC(51)79 of August 21, 1951[4]). The British and U.S. Commandants were content with a procedure whereby Allied control would consist of the possibility of (*a*) intervention before negotiation of an agreement and (*b*) post-annulment if it appeared necessary. The French Commandant agreed to (*a*) only on condition that the Kommandatura have the right of *prior approval* of an agreement. This is, of course, contrary to para. 5 of the Statement of Principles which gives the Kommandatura the right of prior approval *only* in the case of constitutional amendments or a new constitution, and the British and U.S. Commandants therefore rejected the French view. The second matter which exposed the extent of the differing points of view concerned the taking over by Berlin of Federal legislation (see BK/AHC(51)81 of August 29, 1951[5]). The British and U.S. Commandants agreed that the terms of their *Aide-Mémoire* of August 31, 1950,[4] which, in effect, sought to prevent the reference in any Berlin legislation to "Federal agencies, Federal institutions, or the Federal law itself as being operative in Berlin", were impracticable in view of Berlin's economic and financial dependence on the Federal Government, the desirability of close ties otherwise between Berlin and the Federal area, and Berlin's consequent need to adopt Federal legislation. The French Commandant disagreed and proposed even going beyond the terms of the *Aide-Mémoire* by requiring *prior submission* to the Allied Kommandatura of "any draft law referring to a Federal law or agency". This again is contrary to para. 5 of the Statement of Principles.

5. Although the instances of disagreement cited in 4 above are not *directly* concerned with the revision of the Statement of Principles or the substitution therefor of a new document, it is obvious that agreement concerning the new instrument of control is dependent upon a resolution of these basic differences along with other points of disagreement. Both points have been referred to the Allied High Com-

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[4] Not printed.

[5] Not found in Department of State files.

mission but no decision has yet been reached, and French officials in Berlin have expressed the opinion that no resolution of the problem can be expected short of the Foreign Ministers.

6. The French position regarding future Allied-German relationships has been summed up by French officials in Berlin as follows:

(*a*) Berlin shall not have twelfth *Land* status.
(*b*) The Allies shall retain supreme authority.
(*c*) Berlin shall have no association with the Federal Republic which would give the city any attributes of even *de facto* twelfth *Land* status (they interpreted this as excluding the points mentioned in IV. 2, (d) below).
(*d*) There shall be no relaxation of controls other than a reduction in the number of present reserved powers.
(*e*) The Allies shall re-establish their right of prior approval of German action "in certain fields" (this was unclarified but presumably meant at least in any matters concerning Berlin's association with the Federal Republic, i.e., treaties, legislation, etc.).

7. In spite of British alignment with the French on many important points in BK/AHC(51)67, subsequent discussions have revealed that the British position appears to be substantially similar to that of the U.S. as outlined in III and IV below, and it is believed that we can count upon their support during the Foreign Ministers' meeting.

III. CONCLUSIONS

1. It is obvious that there are major differences of policy, as regards Berlin, between the French on the one hand and the British and the U.S. on the other. If these differences are not resolved, the Allies will be faced with a serious situation during the coming months. For example, there is already a stalemate of indecision in the Allied Kommandatura because of disagreement regarding the *Aide-Mémoire* (see II, 4 above). A number of laws were passed by the Berlin House of Representatives, during the months prior to its summer recess August 1, which violated or could be interpreted as violating the terms of the *Aide-Mémoire.* The Berlin authorities have been reprimanded for this and told that the laws might have to be annulled despite the fact they have now been in effect for some months. After considerable study, it became evident that annullment or amendment of the laws could well jeopardize Berlin's receipt of financial aid from the Federal Republic. The French nevertheless desire annullment while the British and U.S. stand on their position as set forth in BK/AHC(51)81. Meanwhile the laws continue in effect. When the House reconvenes September 27 one of two things must happen: either the House will present us with further *faits accomplis* in the form of more laws objectionable to the French, or they will have to be told to suspend all legislative action involving Federal legislation until the Allied Kommandatura is able to reach a decision. The same stalemate will apply concerning Berlin's

participation in treaties (see II, 4 above). The result will be an inevitable deterioration in inter-Allied and Allied-German relations which cannot fail to undermine our position here and play into the hands of the Soviets.

2. Although a temporarily feasible compromise might be found on some points of disagreement, the fundamental difference in positions appears too profound to admit of any superficial compromise being effective for very long. It is therefore concluded that nothing short of resolution of the basic disagreements themselves will lead to an improvement in the situation and permit the liberalization of Allied controls which, in the U.S. view, is essential.

IV. RECOMMENDATIONS

1. That the U.S. make clear that its position is based on recognition of three important points:

(*a*) It is unrealistic and undesirable to retard the normal progress of Berlin's self-administration by the retention of direct Allied controls over the City Government.
(*b*) It is impracticable to retain controls which the Allies are unable to administer effectively because of reductions in personnel.
(*c*) It is economically and politically unwise to prevent the development of as close association between Berlin and the Federal Republic as is possible short of *de jure* twelfth *Land* status.

2. That the U.S. therefore propose the following as a basis for the liberalized relationships to be established in Berlin:

(*a*) Berlin shall not acquire twelfth *Land* status through the proposed changes in relationships.
(*b*) The Allies shall retain supreme authority.
(*c*) Beyond this, the Germans shall be allowed to conduct their own affairs subject only to Allied intervention, or Allied resumption of authority in whole or in part, if to do so is necessary to maintain security, fulfill the international obligations and interests of their Governments, or to preserve the city's economic and financial stability.
(*d*) Berlin shall be encouraged to develop the closest possible ties, short of *de jure* twelfth *Land* status, with the Federal Republic. This shall include permission for Berlin to adopt Federal laws by means of a *Mantelgesetz* (cover law); to merge certain offices and services with those of the Federal Republic such as the Postal Department; and, where necessary in view of economic and financial aid given Berlin by the Federal Republic or because of other practical considerations, to permit the Federal Republic a certain amount of authority in and over Berlin provided that Berlin itself, by legislative act, approves the exercise of that authority.

3. That the instrument of control be in the form of a generally worded document to be entitled "Declaration of Allied and German Rights in Berlin"; or, if agreement cannot be reached for a generally worded document, that something along the lines of the draft attached

hereto as Appendix "A" be *proposed as the maximum concession* we are prepared to make.

4. That it be understood that, before a final draft is reached, the views of the city authorities are to be obtained with regard to form, substance and presentation of the new instrument of control.

5. That Federal aid to Berlin, in the fields outlined in BK/AHC (51)37 of May 26, 1951, be guaranteed by means of a contractual agreement between the Western Powers and the Federal Government, or otherwise.

Appendix "A"

SECRET

Draft Declaration of Allied and German Rights in Berlin

The Allied Kommandatura hereby promulgates the following Declaration which cancels the Statement of Principles of 14 May 1949 and the First Instrument of Revision thereto, dated 8 March 1951.

1. Berlin shall have full legislative, executive and judicial rights and powers in accordance with the Constitution of October 1, 1950, as approved by the Allied Kommandatura on August 29, 1950, subject only to the provisions hereafter set out.

2. The Allied Authorities reserve the right:

(*a*) to take such measures as may be necessary for the maintenance of security, [the preservation of democratic government],* the fulfillment of the international obligations and interests of their Governments, or the preservation of the economic and financial stability of Berlin;

(*b*) to act and legislate for the protection, prestige and security of the Allied forces, their dependents, employees and representatives, their immunities satisfaction of occ costs, and their other requirements.

3. To insure that the objectives set forth in paragraph 2(*a*) above are secured, Berlin authorities will notify the Allied Kommandatura of any action or legislation it contemplates or undertakes in the following fields:

(Here there would be listed such items of the present reserved powers as must be retained, although they would no longer be "reserved powers" as such)

[Certain of the above fields may be deleted from this Declaration upon the enactment of legislation satisfactory to the Allied Kommandatura and upon an undertaking by the Berlin authorities not to repeal or amend such legislation without Allied consent].†

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*We believe this phrase is sufficiently covered elsewhere and could therefore be deleted here. [Footnote and brackets in source text.]

4. All Berlin legislation will be effective without review by the Allied Kommandatura but will be subject to repeal or annulment by it should the objectives stated in paragraph 2(*a*) above require such action.

5. Allied legislation which is inconsistent with this Declaration will be repealed upon request of the appropriate Berlin authorities. All other Allied legislation will remain in force until repealed or amended by the Allied Kommandatura or the Sector Commandant concerned.

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†This sentence is so far only tentatively included at the suggestion of the British. We see no particular objection but believe it requires further consideration. [Footnote and brackets in source text.]

Editorial Note

On September 13 the Foreign Ministers of the United States, the United Kingdom, and France approved the text of a set of Instructions for the Allied High Commission regarding the new relationship to be established with the Federal Republic. With respect to Berlin, the instructions stated:

"*IV. C. Berlin*

Although the three Powers will retain supreme authority with respect to questions relating to Berlin, and such authority will not be affected by the contractual agreements with the Federal Republic, the High Commissioners should, in consultation with the three Allied Commandants in Berlin, examine the conditions of Allied control in Berlin in the light of the arrangements contemplated with respect to the Federal Republic with a view to granting the Berlin governmental authorities the maximum possible authority consonant with such arrangements and with the conditions obtaining in Berlin. As recommended by the High Commission the suspension of Articles 22 and 144(2) of the Basic Law should be continued by legally effective methods."

For the full text of the instructions, see WFM T-5*a*, page 1197 and footnotes thereto; for documentation on the meetings of the Foreign Ministers, see pages 1163 ff.

762A.00/9-1451

Memorandum by the Director of the Eastern Element of HICOG (Morgan)[1]

SECRET BERLIN, September 14, 1951.

The central problem for West Berlin (unless war comes) is how to tide over until the balance of power in Europe is shifted enough to enable the West to deal with pressures against Berlin on favorable terms. That may take several years.

Meanwhile an increasingly critical phase looms ahead, due to (1) prospective completion of the canal by-pass, which will neutralize our most potent single weapon, (2) diminishing value of Berlin to the Soviets as a channel for illicit trade, (3) intensification of the Soviet drive against West German rearmament coupled with steady failure of Communist lures (which indicates increasing reliance on pressures), (4) development of a tactic (certificates of origin, Autobahn toll) which has had some success in dividing Allied views and in causing even non-Communist Germans to regard the increasing difficulties as due chiefly to Allied *intransigeance*, (5) communist need to isolate East Germany more completely from Western influence, notably in order to increase productivity by exploiting labor. To these might be added (6), a possible belief on part of GDR political leaders that the GDR has already achieved a certain degree of economic independence from the West, and that they have successfully extended international smuggling operations to circumvent existing restrictions at least for the most essential goods.

The critical sector is Berlin communications. The military sector has been adequately reinforced: the Soviets are unlikely to try force short of general war. The economic sector is increasingly sound except for the communications problem. The political (including public morale) sector, though at times thorny, will probably hold out unless the economic sector is badly hit.

We are now in the midst of a very gradual but serious build-up against Berlin communications. Western counter-measures have so far not availed to stop it. The key problem is whether to (*a*) continue along present lines, (*b*) relax our counter-measures (as some advocate), or (*c*) bring maximum non-military pressures to bear in such a way as to bring the whole issue of free access clearly and immediately to a head and win a decision which would set the Soviet build-up back to zero and thus gain time toward the long-range objective of tiding over in Berlin. This would include stopping Soviet canal traffic through West Berlin—e.g. by closure for repairs—and also the proposed use of Kiel canal and Hamburg free port sanctions if possible. (Frankfurt now says they are "improbable" not "impossible".)

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[1] The source text was sent as an enclosure to a letter from Morgan to Laukhuff, not printed, dated September 14, which stated that it had been sent directly to Laukhuff "because certain lines of thought in it may be useful in Washington."

"*C*" would evidently be desirable per se; the main question is whether it is within our capabilities, and if so whether it involves too great risks.

In this connection, it should be noted that the Department's proposal (which we endorsed) for Tripartite action in Moscow is a mixture of "*c*" and "*a*": it would bring the whole issue to a head, but as sanction it would employ only continued non-signature of the IZT agreement. Though this sanction may in the end prove sufficient, there are reasons for fearing that it may not (when tied to *all* Berlin harassments), and for expecting in any case that under such a load it will work so slowly that the decision may be won only after protracted damage to Western position. There are increasing signs that the broad political and economic aims associated with present harassments of Berlin are such that the Soviets may accept grave East German losses in order to persist with the build-up. (Note also that their handling of the WYF showed a reckless sacrifice of East German communist interests for the sake of wider ones.[2]) So *if* we are going to bring matters to a head, we should back our move with the maximum sanctions that are not too risky, in order to maximize the chance of an early decision.

Other reasons for doing this are: (1) after contractual relations are substituted for the occupation statute we may be in a generally weaker position for securing West German cooperation on such matters; (2) this is probably our last chance to use Berlin's hold on the canal system as a weapon; (3) the present harvest time is particularly propitious for interference with barge traffic; (4) we are in more favorable position to act strongly before West Berlin has been hurt economically than after serious economic damage (which requires only a few turns of the screw) has been suffered; (5) we may have difficulty nerving some Germans and Allies to sit out a long siege over the IZT signature.

The dependence of the Orbit on the canal system through West Berlin is such that denial of this traffic to the East would add very powerfully to the incentives to the Kremlin to back down temporarily in Berlin. If the Hamburg and Kiel canal sanctions were added, all the better. In either case our capability of winning a decision, while of course not certain, seems substantially probable.

As to whether such moves might precipitate a blockade or semi-blockade instead, this question depends in part on an estimate of the whole pattern of chess-moves in the world struggle, which can best be made in Washington. As a contribution to such an estimate, we can point out: (1) The Kremlin is never "provoked" into a move unless it is generally prepared to take it anyway. If they are now about ready for a blockade, as part of wider strategy, our action might speed the step by a few weeks or even months, but hardly more. This small difference of timing could hardly be a major loss for the West, and could be a distinct gain, as a spur to greater unity and energy. If the Kremlin is not ready for a blockade, it will have no difficulty in backing down, as it did earlier this year on the canal issue. (2) Current signs, for what they are worth, make it seem more probable that the Kremlin will not be ready for as drastic a stand as a blockade for some months yet—notably until the canal by-pass is nearly completed. (3) The economic losses which apparently helped induce the Kremlin finally to terminate the previous blockade would be as great or greater this time (the canal weapon was not used then, and economic activity is at a higher level now). The political losses are more difficult to assess, but should still seem substantial as long as the communist line includes wooing West Germans. (4) A blockade means a serious risk of general war, and there are reasons for thinking that the Krelmin would prefer to postpone that. On the other hand (5) a war scare in Western Europe might seem useful to the Kremlin, (6) serious risk of war in Berlin might be chosen as a diversionary move supporting more serious action elsewhere (Korea, Jugoslavia, etc.), and (7) as indicated above on page 1, item (6), Soviet and GDR politicians may be misled by wishful thinking into believing that their economy is less vulnerable than in 1948, despite evidence to the contrary (as in "3" above). In sum, the question of a blockade poses a calculated risk which, on balance, seems worth taking on the basis of evidence available here, though the full score can only be added up in Washington.

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[2] For documentation on the World Youth Festival in Berlin during August, see pp. 1987 ff.

The bulk of this memo has been devoted to alternative "*c*" because it seems to be the one which requires most additional thought. If alternative "*a*" of continuing along present lines were adopted, that should mean essentially not bringing the whole issue of free access to a head but rather dealing with harassments piecemeal and applying such related counter-measures (together with "face-saving" offers) as seem best suited to discourage further harassments and perhaps to induce the Soviets to yield on particular issues. This is obviously the right policy if "*c*" is finally deemed unwise. It would seem to work best if the issues were kept separate rather than all or several tied to the IZT agreement. One difficulty is that we rapidly run out of appropriate counter-measures—e.g. IZT for certificates of origin, barge tax for autobahn, but what for confiscations, parcel post cars, Rothensee, or the next "Schikan" and the ones that come after that? Another difficulty is that if, as can be expected, this line of action had to be continued for a protracted period of time, it might put Allied and German solidarity to a serious test. Also, leaving negotiations to German representatives, whose attitude and determination do not coincide with ours, involves the danger that the final solution for the present problems may be an uneasy compromise which will sacrifice principles to the Soviets unnecessarily, thus legitimizing and handing over tools for future action against Berlin. Another drawback of such a course would be the nature of the negotiations, which would continue to deal with technicalities of arguable nature rather than with the principle of free access to Berlin, thus failing to take an initiative which is the most likely to rally public opinion and Allied-German solidarity. Finally, it would let go a potential position of strength by default, possibly braking Soviet advance against Berlin, but leaving the way more open politically, psychologically and otherwise for renewed and increased harassment in the future.

For alternative "*b*" of simply giving in and permitting signature of the IZT agreement, without Soviet fulfillment of even our minimum demands, there is little to be said. It would merely yield another step to the Soviet advance, and thus increase their suspicion of our weakness in a way that subsequent re-imposition of sanctions would not fully erase. Such a step might conceivably be forced on us in the future if German and some Allied morale begins to cave in, but that is far from the case as yet. Meanwhile we should remember that this is a poker game for cool nerves, and take warning from famous cases, like Gallipoli in World War I, where the Allies gave up just when the enemy had fired his last shell.

G.[EORGE] A. M.[ORGAN]

Editorial Note

At a Berlin press conference on September 18, Mayor Reuter, in response to Grotewohl's appeal for all-German elections on September 15, stated in part:

"As the Governing Mayor, I can not very well give an official answer to Herr Grotewohl's proposal for holding elections in the whole of Germany. Such an answer should in the main be given only by the Federal Government, that is to say by the Federal Parliament. But if Herr Grotewohl's proposal is prompted by a spirit of sincerity, then the holding of an election in Berlin would offer just the right testing ground for the holding of free elections in the whole of Germany later, owing to the absence, in Berlin, of a great many problems regarding elections for the whole of Germany which would first have to be solved on a Federal basis. In Berlin, the issue is less involved. We have an electoral law, we have a constitution. Elections can be held at any time."

Grotewohl responded to Reuter's suggestion in a speech at Fuerstenberg on the following day, stating, *inter alia:*

"Among all the arguments aimed at rendering the proposals of the People's Chamber ineffective and at tearing them to shreds, there is one which I regard as the most ridiculous of all. Western papers are presently all playing the same tune: we want to put Grotewohl in a tight spot so as to make him show his true colors: we want to expose him by making him state his attitude to the question of holding elections in the city of Berlin. His answer will clearly prove that every statement he made has been nothing but an empty maneuver.

What actually are the circumstances relating to the elections in Berlin? In the People's Chamber we have not raised the question of elections for Berlin because we demanded elections for the whole of Germany, which means that Berlin will be included. Hence what sense would there be in demanding separate elections for Berlin? After all, our proposal for general elections is not concerned with municipal elections. We have not demanded that elections be held in Munich, Cologne, Hamburg and Berlin. Rather have we stipulated general elections for the whole of Germany so as to bring about the unification of Germany. And the unification of Germany naturally applies to the capital as well, that is to say the different sectors of Berlin must be unified. I am of the opinion that the question regarding elections in Berlin can be discussed by an all-German conference as sensibly as all other questions, and I am convinced that those of our compatriots in Western Germany who are guided by common sense will understand the real significance of this slogan about elections in Berlin. It is being used for the sole purpose of distracting the attention of the German people from the all-important issue raised by the People's Chamber—that of calling for an all-German representation—and of sidetracking it in order to destroy the big effect of our appeal. We certainly do not intend to complacently follow these gentlemen up this dead-end street. Rather, we insist that the question of elections ought to be discussed and dealt with at an all-German conference. Those gentlemen in Berlin presently engaged upon hatching such proposals would spend their time more profitably in deciding which of their representatives they intend to send to all-German consultations."

For excerpts from Reuter's statement, see *Documents on German Unity*, volume I, pages 234–235; for the text of Grotewohl's speech, see Grotewohl, *Im Kampf um DDR*, pages 480–492; for documentation on Grotewohl's appeal and the question of German unity, see pages 1747 ff.

398.10-GDC/9-2251 : Telegram

The Acting Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfurt[1]

SECRET PRIORITY WASHINGTON, September 22, 1951—7 p. m.

1928. For Reber. Ref deptel 1457, Aug. 28, to Fkft, rptd Berlin 89, Bonn 81.[2] Dept has reviewed BK/AHC(51)67, July 27[3] in light of deliberations and decisions of WFM's mtg, and has fol initial comments on numbered sections reference doc:

I) We tentatively agree with your conclusion that no contractual agreements shld be concluded in Berlin but wld appreciate further explanation your objections on legal and political grounds.

II) On assumption in I above we wld favor idea of general declaration as means of implementing FonMin's instructions re aim to grant Berlin Govt max possible auth consonant with FedRep contractual agreement and Berlin conditions although we have certain doubts which are outlined below.[4] Revised Statement of Principles wld fail to emphasize sufficiently modified status to be accorded Berlin. Retention of *Aide-Mémoire*[5] objectionable for same reasons. Declaration shld we believe clearly reduce reserved authority to minimum requisite to (*a*) preserve semblance of Kommandatura control, (*b*) fulfill internatl obligations of Allied Govts, which shld be more explicitly defined than in Berlin draft since this covers generally powers deriving from Allied retention of supreme authority to deal with questions relating to (1) Germany as a whole and (2) Berlin (including stationing and maintaining forces there), (*c*) intervene in event security is threatened (see Art. VII of draft agreement on gen relation with FedRep approved by FonMin[6]) and (*d*) assure provision essential information needed for exercise above powers.

While Appendix B draft[7] coincides generally with Dept's views as to form of instrument, danger clearly exists that declaration in such broad terms which fails to delineate powers more clearly may give rise to later misinterpretation, controversy and severe Ger disappointment. We assume HICOG Berlin satisfied terms of draft declaration cover areas within fields designated by sub-paras 2 (*c*) (*e*) and (*i*) of Statement of Principles power over which shld be retained in one form or another. Unless Gers clearly aware of this from outset and Allies in agreement as to restrained implementation, however, more specific language may be desirable. FedRep reaction shld also be considered, as Berlin declaration which glosses over substantial reserved powers which may be actively implemented wld probably create misunderstanding Allied intentions re relinquishment of controls.

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[1] This telegram, drafted by Montenegro and cleared with Riley, Land, and Lewis, was repeated to Berlin and Bonn.

[2] *Ante*, p. 1937.

[3] *Ante*, p. 1922.

[4] Regarding the Foreign Ministers instructions on Berlin, see editorial note, p. 1944.

[5] Presumably the *aide-mémoire* under reference here is the one referred to in the draft paper on Berlin prepared by the Berlin Element on August 31, p. 1938.

[6] Included in WFM T-5*a*, p. 1197.

[7] The reference is to Appendix B of BK/AHC(51)67, p. 1929.

Dept reserves its opinion on advisability inclusion bracketed reference to preservation of economic and financial stability pending further recommendations from you.

Establishment of consultative Allied-Ger commission in Berlin might be desirable but Dept wld appreciate clarification of contemplated structure and functions such body. Successful use of such a body wld necessitate sincere desire to cooperate fully on part of all participants.

Dept interested info re any approach made to Gers on above subjs by Berlin Polads as authorized in BK/AHC(51)67.

III) Ur subj this number discussed under V below.

IV) Dept agrees no tripartite Allied org needed to supplement Kommandatura if by this is meant formally constituted body designated to exercise control functions.

V) We favor arrangement whereby senior consular officers Berlin wld exercise civ functions. Commandants shld of course continue as nominally authoritative heads to preserve semblance of Kommandatura in addition to retaining mil command. Title of Counselors of Embassy for senior civ officials wld be acceptable as second choice but seems less suitable than more conveniently ambiguous consular status in overcoming Brit and Fr objections to stressing either Bonn–Berlin ties or Berlin independence. Contd use of term MG by Br and Fr wld appear inconsistent with liberalized policy.

We believe agreement wld have to be reached on similar instrs by three govts to delineate respective spheres of jurisdiction and relationships between their civ and mil representatives in Berlin and to relate such jurisdiction to mil command structure for Berlin. Not clear to Dept how Berlin's draft declaration obviates need for secret minute or other directive defining relationship Berlin Kommandatura to highest Allied auths in Western Ger.

Re Berlin's 448 to Fkft, Sept 7, rptd Dept as 370, Bonn as 162,[8] we believe retention *Aide-Mémoire* and objections to Berlin's inclusion in FedRep internatl agreements in acceptable manner both inconsistent with FonMin's instrs to liberalize Berlin's status. Dept agrees generally with position taken by US element Berlin as contained BK/AHC(51)81, Aug 29,[9] and believes it consistent with FonMin's instrs. First alternative given under sub-para 8(*d*) appears preferable.

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[8] Not printed; it reported that the French Commandant wanted strict application of the *aide-mémoire* of August 30, 1950 (398.10–GDC/9–751).

[9] Not found in Department of State files.

It may be necessary reiterate contd suspension of Art. 1, paras 1 and 2 of Berlin Constitution[10] in some instrument related to Berlin's changed status, although this probably shld not be declaration itself but in separate doc. Similarly, as directed by FonMin's, suspension of Arts. 23 and 144(2) of Basic Law shld be continued by legally effective methods.

Dept requests it be kept fully informed of developments.

WEBB

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[10] The paragraphs under reference stated that Berlin was a *Land* as well as a city and a *Land* of the Federal Republic of Germany.

398.10-GDC/9-2751 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY BONN, September 27, 1951—midnight.

201. Section one of two.[2] AGSec from Golay. Fol is summary report council mtg held Bonn-Petersberg 27 Sept with Poncet (France) chairman, Kirkpatrick (UK) and McCloy (US).

1. *Berlin East–West Trade Situation.*

(Ref Berlin to Frankfort 566 rptd Dept 483 of 25 Sept; Berlin to Frankfort 558 rptd Dept 476 of 25 Sept; Berlin to Frankfort 574 of 27 Sept.[3])

Council noted receipt of ltr from Federal Chancellor setting out, in terms previously agreed, conditions under which Federal Republic had signed IZT agreement on 20 Sept (see AGSec memo (51) 41[4]). Council decided to await another week's developments before attempting assessment extent to which east zone is eliminating restrictions on trade, transport and parcel post since signature IZT agreement. (No ltr to Soviets on parcel post interferences will be sent until results of Leopold's efforts with Orlopp this problem are known.) Council also agreed terminate present air freight facilities, with week's notice.

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[1] Repeated to Berlin, Frankfurt, Paris, and London.

[2] In section two, not printed, McCloy reported on the High Commissioners' discussion of the extradition of war criminal suspects, exports of machinery to non-NATO countries, the Berlin stockpile program, the dissolution of the German Central Coal Sales Agency, and the detention of Germans serving in the French Foreign Legion.

[3] Telegrams 483 and 558, not printed; telegram 574 was not repeated to Washington and no copy has been found in the Berlin or Frankfurt Mission files.

[4] Not printed; regarding the letter under reference, see telegram 2532, September 19, p. 1872.

2. *Adoption Federal Legislation in Berlin.*

(Ref Berlin to Frankfort 573 of 26 Sept; Berlin to Frankfort 551 rptd Dept 469 of 22 Sept; Dept to Frankfort 1928 rptd Berlin 129 of 22 Sept.[5])

Council agreed that, pending settlement of general problem of adoption of federal legislation in Berlin, Berlin commandants should be instructed to permit Berlin Senat ordinance of 30 July covering Federal Republic ordinance on interzonal trade, together with 13 other pieces Berlin legislation adopted in manner contrary to terms of commandants *aide-mémoire*, to take effect. On general problem, Poncet wld not agree to withdrawal commandants *aide-mémoire* and substitution of commandants order requiring adoption federal legislation in Berlin by *Mantelgesetz* as proposed by PolCom in HICOM/P(51)77.[6] Instead he referred to ltr from Reuter to Adenauer,[6] which I had not seen, in which he said Reuter had proposed solution which he, Poncet, was ready to accept as compromise arrangement. According to this proposal, Berlin legislature could adopt by a *Mantelgesetz* federal legislation on subjects on which Federal Republic has exclusive jurisdiction under Article 73 of basic law, all other federal laws, where Federal Republic has concurrent jurisdiction, wld be adopted in Berlin by an "anpassungsgesetz," but only with concurrence commandants. In this connection, Poncet added that he was under instructions not to approve the proposed federal law relating to finances of Berlin, should it be adopted. He then referred to another part of Reuter's ltr in which he said Reuter proposed that Berlin should be given full representation in Bundestag and right to vote on legislation affecting Berlin, and described this as another instance of Reuter's attempts, by practical steps, to achieve 12th *land* status for Berlin.

Kirkpatrick then pointed out that, by reserving special powers in Berlin which were being given up in federal territory Allies, had just indicated anew that they did not intend to give Berlin 12th *land* status. It was impossible for Reuter, by any exercise of cleverness, to overcome fact that Berlin has a special status and wld continue to have it. In these circumstances, Kirkpatrick went on, Allies ought to pay attention to fact that assumption by federal govt of financial responsibility for Berlin was in their own interests. It wld be great mistake for Allies to deprive federal govt of means of assuming financial responsibility for Berlin by insisting on unworkable procedure for adoption federal legislation in Berlin, especially when effective steps had already been taken to preserve principle of no 12th *land* status for Berlin. I seconded Kirkpatrick's remarks and added that I did not think compromise solution proposed by Poncet wld be an improvement, since if commandants concurrence were required there wld continue to be opportunities for disagreement between Senate and commandants, and consequent delay on essential legislation.

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[5] Telegram 573 was not repeated to Washington and no copy has been found in the Berlin or Frankfurt Mission files; telegram 551, not printed; telegram 1928, *supra*.

[6] Not found in Department of State files.

Council instructed PolCom to study terms of Reuter's ltr to Chancellor, (being air pouched Dept) review problem in light FM decisions and report to council so that a decision cld be taken at next mtg.[7]

[Golay]
McCloy

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[7] At their meeting on October 4, the High Commissioners agreed to withdraw the Commandants' *aide-mémoire* and allow Federal legislation to be adopted in Berlin by *Mantelgesetz*. Bonn reported this in telegram 218, October 4 (398.10-GDC/10-451).

762.022/11-751

Memorandum of Conversation, by the Director of the Berlin Element (Lyon)[1]

SECRET

Berlin, October 22, 1951.

Those Present:
Mr. A. F. Susin, Acting Representative of the Soviet Control Commission in Berlin
Mr. Bashkin, Soviet Political Adviser
Mr. G. M. Akopov, Liaison Interpreter for Soviet Control Commission
Major General Lemuel Mathewson, U.S. Commander, Berlin
Mr. Cecil B. Lyon, Director, Berlin Element
Mr. Paul P. Roudakoff, Protocol Office, Berlin

Mr. Susin requested an interview this afternoon at 4:30 p. m. He arrived at 5:00 p. m. and apologized for his lateness on the ground that the fog had delayed his coming. He opened the conversation by stating that he had come instead of Mr. Dengin, who is away. General Mathewson asked whether Mr. Dengin was in Moscow, but Mr. Susin's reply was not clear. Mr. Susin then said that he wished to discuss General Mathewson's letter to Mr. Dengin of October 19th concerning Steinstuecken.[2] He then proceeded to explain that about an hour ago the Soviet authorities had told the DDR to instruct the administrators

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[1] The source text was sent as an enclosure to despatch 365 from Berlin, November 7, not printed (762.022/11-751).

[2] This letter reads as follows:

"Dear Mr. Dengin: I am informed that, by order of the German authorities under Soviet control, the village of Steinstuecken was declared on 18 October to be 'administratively incorporated into the City of Potsdam'. This unilateral and arbitrary act is a violation of the European Advisory Commission Agreement of 1944, whereby the district of Zehlendorf, of which Steinstuecken is a part, was included in the U.S. Sector of Berlin. The illegal action against Steinstuecken of *Land* Brandenburg to withdraw the Volkspolizei from Steinstuecken and to have that community revert to its former status. Mr. Susin, then, referring specifically to General Mathewson's letter, said that according to this letter, Steinstuecken had been included in the American Sector by the European Advisory Commission Agreement of 1944. Mr. Susin said that the Soviet records did not indicate this and inquired whether we had any documents to support our claim. General Mathewson said that it was the district of Zehlendorf which was referred to as being included in the U.S. Sector in the European Advisory Commission Agreement of 1944. General Mathewson added that Steinstuecken was part of the district of Zehlendorf. At this point Mr. Bashkin took up the conversation and asked whether we had any documents to prove that Steinstuecken was in our Sector. General Mathewson asked Mr. Bashkin whether he could produce any document proving that Steinstuecken was not part of the U.S. Sector. General Mathewson then explained that there had been some doubt with regard to certain specific places along the boundary drawn by the European Advisory Commission in its Agreement of 1944, and for that very reason a committee of the Allied Kommandatura had been set up to consider these matters. This committee, in a report of August 7, 1945, recognized the three Zehlendorf enclaves, Wuestermark, Steinstuecken and Nuthewiesen, as belonging to the U.S. Sector. The document was produced and examined by the Soviet officials. They immediately noted the recommendation that these districts be turned over to the Soviets. However, it was explained to them that the conditions of this document were never fulfilled and it was pointed out that the two areas on the island of Wannsee adjacent to the golf course were to have been turned over by the Soviets to the U.S. The map on which this committee report was based was also shown to the Soviet officials. However, they persisted in wanting to discuss the legal status.

General Mathewson informed Mr. Susin that he had no intention of discussing these legal matters at this meeting, however, he added that if Mr. Susin would write him a letter setting forth the statement that Mr. Susin had previously made regarding the orders which the Soviets had given that Steinstuecken would revert to its former status and the removal of the Volkspolizei therefrom, General Mathewson would agree to have his experts discuss the legal status of Steinstuecken with the Soviet experts. General Mathewson also added that what he had objected to strongly was the fact that the Soviets had taken the unilateral action which they had. If they had any doubts concerning the

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was taken without consulting the U.S. authorities under whose jurisdiction it belongs, and in utter disregard for its inhabitants.

I therefore demand that the Soviet occupation authorities instruct the German authorities under their control to revoke their action against Steinstuecken and permit its inhabitants to resume the former pattern of their lives as members of the West Berlin community. Sincerely yours, L. Mathewson" (Berlin Mission files, lot 66 F 110, Soviet file no. 4(IV) 1951) status of Steinstuecken, they should have come to us and discussed these doubts with us, since they knew we were always willing to discuss matters of mutual interest with them. Both Susin and Bashkin at this point said that the Soviets were also always willing to discuss similar matters.

Mr. Susin said it would be difficult for him to write such a letter as General Mathewson requested. General Mathewson then said that a press announcement to this effect in the Eastern papers tomorrow morning would be equally satisfactory. The Soviets made no reply to this, but obviously this proposal was more unacceptable than the one with respect to the letter. When General Mathewson again referred to his displeasure at the Soviet unilateral action, Mr. Bashkin said that the DDR was trying to straighten out its administrative matters; that they (the DDR) had taken the action with respect to Steinstuecken, and that the first the Soviet had known of it was when they received General Mathewson's letter. General Mathewson queried this point but no answer was forthcoming. General Mathewson next asked what the status of Steinstuecken was at this "ten minutes past 5:00 o'clock". Mr. Susin said that, had their orders been carried out, the Volkspolizei should have been withdrawn and Steinstuecken should have reverted to its former status. General Mathewson next said, "If the Volkspolizei have been withdrawn, I assume that West Berlin police will have free access to Steinstuecken." At this point Mr. Susin hesitated and then nodded his head and said "Yes" ("Tak"). Mr. Bashkin, on the other hand, shook his head and said "No" ("Niet"). The latter also said that the Soviets had agreed that Steinstuecken should revert to its former status, and in the former status no Western Sector police had been there. It was pointed out to him by General Mathewson that until about two years ago Western police had patrolled Steinstuecken, but sometime in late 1948 West Berlin police had been chased away by a Russian sentry. Mr. Bashkin said that there had been no Western police in Steinstuecken since the division of Berlin.

After Mr. Susin had again reiterated his statement with regard to the return to the former status, the withdrawal of the Volkspolizei and the hope for Soviet-U.S. discussions, he prepared to leave. At this point, General Mathewson said to him that he appreciated very much Mr. Susin's coming, his attempts to be cooperative in this matter of Steinstuecken, but that he felt he must say to him that he did not admire the advice which he, Mr. Susin, was getting from certain quarters.[3]

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[3] On October 23 the Berlin Commandants met to consider the Steinstuecken situation and Mathewson briefed his British and French colleagues on his conversation with Susin. Following this briefing the Commandants agreed to defer any action in retaliation while testing Soviet bona fides and noted that the latest reports indicated that the situation in Steinstuecken was returning to normal. (Telegrams 616 and 617 from Berlin, October 23, 762.022/10–2351)

762A.0221/10-2551

The Chief of the Political Affairs Division of the Berlin Element of HICOG (Wellington) to the Director of the Office of German Political Affairs (Laukhuff)

PERSONAL SECRET BERLIN, October 25, 1951.

DEAR PERRY: I think you and Arch[1] will be glad to hear of one encouraging note in our local problems. Yesterday Bruno de Leusse, the French Political Adviser in Berlin, asked if he might have a private and confidential talk with me. He said that he had dined the evening before in Bonn with Messieurs François-Poncet and Bérard, both of whom had expressed considerable concern over the apparently bad relations existing between the Allies in Berlin and the seeming impossibility of their reaching agreed decisions here. Although Bruno did not say so directly, it was obvious that the French realized their attitude in recent months was largely to blame for the situation. He said that François-Poncet particularly regretted the departure of Lefort since he understood we had gotten along well with Lefort and had confidence in him. Bruno was now under instructions, he said, to do all he could to remedy the situation, and he hoped that I might help him. He asked whether, at any time any difficulties between the French and ourselves exist or appear to be imminent, I would let him come and talk to me to see if we could not find a satisfactory way out before the disagreements reached a higher level. He was sure, he said, that in the long run there would be few difficulties we could not solve in this way, since he was prepared to do everything possible to meet our views which, he believed, were "not fundamentally different from those of the French". It might require a good deal of consultation between us, he thought, but if I were willing to see him he would be only too glad to come to me at my convenience whenever it appeared necessary.

Needless to say, I told Bruno that I welcomed the proposal and would do anything at all that I could to help improve our relations, which had been a considerable source of worry to all of us, too. I said that quite frankly I thought the present state of affairs unfortunate not only as they affected Allied relations but also as they affected our relations with the Germans, and particularly Franco-German relations.

It remains to be seen what will result from these overtures but I am rather optimistic. Bruno, although personally a good friend, has been—or appeared to be—one of the most obstructionist elements among the French here. Perhaps he was merely acting on orders from General Carolet (the French Commandant and a very difficult man, to put it mildly), since I had the definite impression, in my conversation with him yesterday, that what he was really trying to tell me was that if we could work matters out short of the Commandants' level, it would be easier to obtain French agreement.

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[1] John Archibald Calhoun.

In any case, I think it is a very hopeful sign that the French, too, are worried and feel it essential to try to remedy the situation—on our side, we will obviously do all we can to help them in this.

Yours, REBECCA

762A.0221/11–951 : Telegram

The Director of the Berlin Element of HICOG (Lyon) to the Office of the United States High Commissioner for Germany, at Frankfurt [1]

CONFIDENTIAL BERLIN, November 9, 1951—11 a.m.

809. In accordance with SPCOM/SEC(51)9 of Oct 26 [2] PolAds in Berlin have been working on revision of statement of principles.[3] Brit have proposed formula along fol lines to cover reserved powers.

"1. *Occupation Auths reserve power.*

(*a*) To act and legislate for protection, prestige, and security of Allied Forces, their dependents, employees and representatives, their immunities, the satisfaction of occupation costs and their other requirements.

(*b*) In case of necessity, to take appropriate measures to fulfill their international obligations, to insure public order and to maintain security of Berlin and its communications.

2. *Rights in fol fields are specifically reserved to Occupation Auths.*

(*a*) Relations with authorities abroad, but this power will be exercised so as to permit Berlin auths to assure representation of Berlin interests in this field by suitable arrangements.

(*b*) Respect for Berlin constitution of 1950 as approved by Allied Kommandatura on August 29, 1950.

(*c*) Authority over Berlin police to extent necessary to ensure security of Berlin.

(*d*) Control of care and treatment in German prisons of persons charged before or sentenced by courts or tribunals of Occupying Powers or Occupation Auths; over carrying out of sentences imposed on them and other questions or amnesty, pardon, or release in relation to them.

(*e*) Obtaining of such info and statistics as may be required.

3. So long as Berlin auths act in fol fields in accord with undertakings accepted, as regards their respective zones, by Govts of UK, US and France, Occupation Auths will not intervene (here wld follow such

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[1] Repeated to Bonn and Washington.

[2] Not printed; it stated that the Special Committee on contractual relations had considered BK/AHC(51)67 (see p. 1922) at its meeting on October 23 and had decided "to request the Commandants to state precisely the fields in which reserved powers must remain and the extent of the powers to be reserved in each field." (CFM files, lot M–88, box 187, questions affecting Berlin)

[3] *Ante*, p. 1900.

other of present reserved powers as may be deemed necessary to retain)."

Although we are not satisfied that this is adequate liberalization, para three at least has advantage of putting Berlin on more or less same footing in those fields as FedRep under contractual agreements. Brit originally proposed fol wording for middle of para: "With undertakings given by govt of FedRep to govts of UK, US and France", but French objected strenuously to mention of FedRep in AK document. Present compromise wording preferable in French view, although they and to some extent we question acceptability of referring, in document issued by theoretically quadripartite AK, to govts of only three members of AK. Wld appreciate comments re this point soonest possible.

LYON

CFM files, lot M-88, box 187, questions affecting Berlin

The Chairman Secretary of the Allied Kommandatura, Berlin (Gaugain) to the Secretary-General, Allied General Secretariat, at Frankfurt

CONFIDENTIAL BERLIN, December 5, 1951.

BK/AHC(51)120.

Subject: Implementation of the Foreign Ministers' Instructions Relative to Berlin [1]

1. In accordance with the request contained in SPCOM/Sec(51)9 of 26th October 1951,[2] the Commandants have further studied the fields in which reserved powers in Berlin must remain and the extent of the powers to be reserved in each field.

2. There are three classes of control which the Allied authorities must retain in Berlin:

(*a*) ultimate control in all fields. The Allied Kommandatura cannot, for political-legal reasons, surrender this control, although it can delegate some powers or refrain from exercising them;

(*b*) control over action in fields in which the Allied Authorities in Berlin have particular obligations and responsibilities or which affect the special situation of the city. Those are at present covered by para 2(*a*), (*c*), (*e*), (*f*), (*i*) and (*j*) of the current Statement of Principles; [3]

(*c*) controls to ensure that the Berlin authorities act in accord with Allied legislation at present in force, with Allied policy and, insofar as practicable, with undertakings of the Federal Government under the contractual agreements.

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[1] For the text of the Foreign Ministers instructions on Berlin, see editorial note, p. 1944.

[2] Not printed, but see footnote 2, *supra*.

[3] *Ante*, p. 1900.

3. To secure (*a*) above, the Commandants are agreed that they must retain an unquestionable right to intervene in case of need. To secure (*b*) above, the Commandants are agreed that in the specified fields they must be able to act themselves in certain instances (which would be kept to the necessary minimum) and be informed of German intention to act. To secure (*c*) above the Commandants find themselves in a difficulty. They consider that, in general, all that is necessary in these fields is to ensure that the Berlin authorities adhere to the substance of the contractual agreements. Berlin will not, however be bound by those agreements and it is contemplated that no direct mention will be made of them in the Berlin instrument of control. The Commandants have accordingly considered several devices to meet the case, and these are embodied in the attached drafts.

4. In submitting these drafts, the Commandants wish to point out that the wording of the powers and rights retained has been taken, for the most part, from the current Statement of Principles and is subject to modification in the light of the final texts and scope of the contractual agreements.

5. The US Commandant prefers the draft attached as Annex "B". The French and British Commandants prefer that attached as Annex "A", although they see some merit in paragraph 4 of Annex "B" as a possible solution of the difficulty referred to in paragraph 3 above.

6. Both drafts refer, in several instances to "Occupation Authorities" and "occupation legislation". This phraseology has been taken over from the present Statement of Principles, but, in the opinion of the US Commandant, it would be preferable in the new instrument of control to eliminate use of the term "occupation". He suggests that if this cannot be done otherwise, it might be accomplished, without detriment to clarity, by revising Allied Kommandatura Law No. 2 ("Definitions"). The French and British Commandant see little advantage in abandoning the old terminology, particularly for "occupation legislation", and little disadvantage in underlining the difference between the Allied position in Berlin and the Federal Republic.

7. The Commandants wish to make the following comments which apply to both of the attached drafts:

(*a*) As the progress of the Allied programme of restitution in Berlin is far behind that in the Federal Republic, the contractual agreements may not fully cover Allied requirements in Berlin. It may therefore be necessary to consider retaining restitution as a specifically reserved right under paragraph 3 after the provisions of the contractual agreements have been determined.

(*b*) Reparations, decartelization, deconcentration and foreign interests and claims should be left within the scope of paragraph 4.

(*c*) "Respect for the Constitution" is eliminated from the specifically reserved fields but is covered by the insertion of the word "status" in paragraph 2, and by paragraph 1, which defines Berlin's rights, etc., as those "set forth in its Constitution". Notification is still required for amendments to or replacement of the Constitution, but the requirement of prior approval has been renounced.

(*d*) For ordinary purposes, control over trade and exchange, monetary and fiscal policy and other economic matters has already been transferred to the Federal Republic. In paragraph 2, powers are reserved which would cover these matters in an emergency. These subjects are not therefore retained in paragraphs 3 or 4.

8. The British and US Commandants recommend that, before a final decision is taken on the attached drafts or on any formula which the Allied High Commission might itself propose, they be given the opportunity to seek the views of the Berlin Authorities on such aspects of any agreed draft as might appropriately be discussed with them. The French Commandant is of the opinion that those aspects to be discussed with the Germans should be clearly specified and that any discussions on the draft as a whole should be avoided.

GAUGAIN
Commandant

Annex "A"

CONFIDENTIAL

DRAFT "SECOND INSTRUMENT OF REVISION OF THE STATEMENT OF PRINCIPLES" [FRENCH-BRITISH] DRAFT "DECLARATION OF RIGHTS" [U.S.][4]

The Allied Kommandatura hereby promulgates the following (Instrument which revises and replaces—French and British) (Declaration which supersedes—U.S.) the Statement of Principles of 14th May 1949 and The First Instrument of Revision thereof dated 7th March 1951.

1. Berlin shall have all the rights, powers and responsibilities set forth in its Constitution of 1950 as approved by the Allied Kommandatura on 29th August 1950, subject only to the provisions hereinafter set out.

2. The Allied Authorities retain the power, if they deem it necessary, to take such measures as may be required to fulfill their international obligations, to insure public order and to maintain the (status, economy and security of Berlin—French and British) (status and security of Berlin, and to take action in all matters relating to the maintenance of Berlin's trade and communications—US).

3. The Allied Kommandatura reserves rights in the following specific fields.

(*a*) Disarmament and demilitarization, including related fields of scientific research, prohibitions and restrictions on industry and civil aviation;

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[4] Brackets appear in the source text.

(*b*) Relations with authorities abroad. This right will, however, be exercised so as to permit the Berlin authorities to assure the representation of Berlin interests in this field by suitable arrangements;

(*c*) Protection, prestige and security of the Allied Forces, their dependents, employees and representatives, their immunities, the satisfaction of occupation costs and their other requirements;

(*d*) Authority over the Berlin police to the extent necessary to insure the security of Berlin;

(*e*) Control of the care and treatment in German prisons of persons charged before or sentenced by the courts or tribunals of the Occupying Powers or Occupation Authorities; over the carrying out of sentences imposed on them and other questions of amnesty, pardon or release in relation to them.*

4. In the following fields, the Allied Kommandatura will not intervene so long as the Berlin Authorities act in accordance with legislation and other measures of the Occupation Authorities and with agreements entered into by their governments.† (The French element reserves its position regarding the final phrase beginning with "and with agreements"):

(*a*) Restitution, reparations, decartelization, deconcentration, foreign interests in Berlin and claims against Berlin, or its inhabitants;

(*b*) Displaced persons and the admission of refugees.

5. Berlin legislation will become effective without prior review by the Allied Kommandatura. In case of inconsistency with Allied legislation, with the provisions of this __________ or with other measures of the Occupation Authorities, Berlin legislation will be subject to repeal or annulment by the Allied Kommandatura. If Berlin proposes to legislate or act in the fields listed in para. 3 above, or to amend or replace the Berlin Constitution of 1950, notification of such intention shall be made to the Allied Kommandatura which may raise objections thereto within a limited period.

6. All Occupational legislation will remain in force until repealed or amended by the Allied Kommandatura or the Sector Commandant concerned. Such legislation will, however, be repealed, amended or deprived of effect on the request of the Berlin Authorities if the Allied Kommandatura or the Sector Commandant concerned is satisfied that:

(*a*) it is no longer appropriate under the terms of this __________, or

(*b*) adequate Berlin legislation is promulgated.

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*It may be possible, in the light of the final text of the contractual agreements, to revise this sub-paragraph and/or transfer it to para. 4. [Footnote in the source text.]

†"Agreements entered into by their governments" is intended to refer to the contractual agreements. [Footnote in the source text.]

7. In order to enable them to fulfill their obligations, the Allied Authorities shall have the right to obtain such information and statistics as they may require.

Annex "B"

CONFIDENTIAL

DRAFT DECLARATION OF RIGHTS

The Allied Kommandatura has resolved that in its relationships with the Berlin Authorities it will be guided by its desire that Berlin shall enjoy as complete self-government as its situation permits. The following Declaration is therefore hereby promulgated, superseding the Statement of Principles of 14 May 1949, and The First Instrument of Revision thereof dated 7 March 1951.

1. Berlin shall have full authority and responsibility under its Constitution of 1950 as approved by the Allied Kommandatura on 29 August 1950, subject only to the provisions hereinafter set out.

2. In view of the special circumstances governing Berlin's present situation, the Allied Authorities continue to reserve the power, if they deem it necessary, to take such measures as may be required to fulfill their international obligations, to insure public order, and to maintain the status and security of Berlin, and to take action in all matters relating to the maintenance of Berlin's trade and communications. The Allied Authorities will also continue to take such measures as may be required for the protection, prestige and security of the Allied Forces, their dependents, employees and representatives, their immunities, the satisfaction of occupation costs and their other requirements.

3. The Berlin Authorities shall notify the Allied Kommandatura of any intent to amend or replace the Constitution of 1950 or to act or legislate in the fields listed below. The Allied Kommandatura may, within a limited period, raise objections thereto. It may also itself act or legislate in these fields as and when it deems necessary.

(*a*) Disarmament and demilitarization, including related fields of scientific research, prohibitions and restrictions on industry and civil aviation;

(*b*) Relations with authorities abroad. The Allied Kommandatura will exercise its rights in this field so as to permit the Berlin Authorities to assure the representation of Berlin interests in this field by suitable arrangements;

(*c*) Authority over the Berlin police. The Allied Kommandatura will act in this field only to the extent necessary to insure the security of Berlin;

(*d*) Care and treatment in German prisons of persons charged before or sentenced by the courts or tribunals of the Occupying Powers or Occupation Authorities; the carrying out of sentences imposed on them and other questions of amnesty, pardon or release in relation to them.

4. The Allied Kommandatura has taken cognizance of the Declaration of ————‡ by the Berlin Government. It is the intention of the Allied Kommandatura to refrain from intervention in the fields covered by this Declaration so long as its provisions are implemented as stated therein.

5. Berlin legislation which conflicts with Allied legislation, with the provisions of this Declaration, or with other measures of the Occupation Authorities, may be repealed or annulled by the Allied Kommandatura.

6. All Occupation legislation will remain in force until repealed or amended by the Allied Kommandatura or the Sector Commandant concerned. Such legislation will, however, be repealed, amended or deprived of effect on the request of the Berlin authorities if the Allied Kommandatura or the Sector Commandant concerned is satisfied that:

(*a*) it is no longer appropriate under the terms of this Declaration, or

(*b*) adequate Berlin legislation is promulgated.

7. In order to enable it to fulfill its obligations under this Declaration, the Allied Kommandatura shall have the right to obtain such information and statistics as it may require.

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‡It is proposed that the Berlin Senat, perhaps with the approval of the House of Representatives, might issue a "Declaration of Intent" or some similar document indicating Berlin's adherence to the policies and commitments set forth in the contractual agreements on restitution, reparations, decartelization, deconcentration, foreign interests in Berlin and claims against Berlin or its inhabitants; displaced persons, and the admission of refugees. This might be done, by setting forth the applicable policies contained in the pertinent contractual agreements, but without referring to the agreements themselves; or, preferably, by a simple brief statement of intent to adhere to the policies adopted by the Federal Government in such-and-such agreements. (It is uncertain whether the contractual agreement covering restitution will be adequate to cover Allied requirements in Berlin due to the fact that the restitution program in the Federal Republic is much further advanced than that in Berlin.) [Footnote in the source text.]

ECA message files, lot 53 A 278, box 26, Bonn Toeca : Telegram

The United States High Commissioner for Germany (McCloy) to the Acting Administrator for Economic Cooperation (Bissell) [1]

SECRET
PRIORITY

Bonn, December 18, 1951—8 p. m.

Toeca 1181. For Dept also.

Refs: *a*. HICOG despatch to Dept 1131, *b*. Bonn Toeca A-331 rptd Paris Torep A-295.[2]

Subject: Berlin aid 1952-53.

1. We are much concerned with problem already discussed verbally with Dept and MSA of obtaining financial support for Berlin pro-

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[1] Repeated to Paris and London.

[2] Neither printed.

grams during year ending June 1953. GARIOA sources of financing will be exhausted even if DM 120 million is made available for 25 percent counterpart sources, as was assumed in Part I of HICOG despatch to Dept 1131. Counterpart funds even if available for continuation of current dollar aid on grant basis, art uncertain in amt and will have numerous other claimants of equal priority. We therefore feel compelled to request dollar appropriation for Berlin unless you can suggest feasible alternative, which we have so far been unable to find. Present estimates indicate that total Berlin requirements for FY 52–53 wld be uncovered to extent of DM 440 million, for which dollar equivalent would be $105 million, overall aid needs for FY 52 and FY 53 summarized in following table:

Budget aid FY '52 765, FY '53 650.
Aid-financed investment expenditures FY '52 680, FY '53 457.
Work relief (non-investment portion) FY '52 75, FY '53 60.
Stockpile FY '52 55, FY '53—
Working capital guarantee fund FY '52 10, FY '53—
  Totals FY '52 1585, FY '53 1167.
(Above figures in DM millions).

Aid-financed investment expenditures as given above correspond to figures in table on page 32 Toeca A–331. Totals above differ from totals in payments balance deficits page 17 ref *b* only by amts expected from private capital flows.

2. Total Berlin fixed investment requirements in 1952–53 under 4 year program are estimated at DM 1380 million (See ref *b*), of which private funds wld provide 780, the public budget wld provide 150, and the amt to be filled by other sources wld be 457. Carry over of funds in "pipeline" from previous period wld amt to some DM 192 million if financing for current year is provided as proposed in HICOG despatch 1131, and if DM 115 million is provided from counterpart reserve. Since a carryover of DM 115 million will probably take place into the year 1953, 54, there wld be a net gain of DM 77 million from the carryover. Total new provision of investment funds in addition to difference between carryover at beginning and end of year wld be DM 380 million.

3. Work relief program is expected to require DM 120 million in FY '53 of which DM 60 million wld be of investment character and is included in 457 of aid-supported investment expenditures. For reasons indicated below, we believe it realistic to assume for the present that FedRep will put up only budgetary aid, and that we must supply total funds for work relief. This means another 60 for portion not already included in investment aid (380 after adjustment for carryovers). Total US aid for Berlin wld therefore be DM 440 millions.

4. We consider possibility slight of obtaining more than present level of financial support for Berlin from FedRep. We anticipate that

FedRep will as in past finance Berlin budgetary deficit, which will amount to about DM 650 million in FY '53. Any amt greater than this wld be considered excessive burden by Finance Min, who is faced with need to provide large addit amt for FedRep defense effort in FY '53. Only conceivable possibility to obtain addit Fed support of Berlin beyond the budgetary deficit wld be to make specific allowance for Berlin aid in determining level of Berlin defense contribution. Such a solution, which was suggested in Ger 5/4, wld be attractive to the Ger Govt. Bargaining considerations on defense contribution make it undesirable to make such offer to FedRep until more advances stage of defense negots even assuming that tripartite agreement could be reached. Allowance for Berlin can at present only be made indirectly by providing sufficient availabilities within GNP approach to permit reasonable levels of consumption, investment and Berlin aid programs to take place. This wld not, however, solve budgetary problem and inflationary implications of large public deficit resulting. In view of magnitude defense contribution to be negotiated with FedRep for coverage of logistic support allied troops, EDF financing, and infrastructure and other capital costs, and time lag to be expected in tax legislation and revenue accrual, large public deficit is almost certainty.

5. A conceivable alternative method to support Berlin programs without substantial dollar appropriation is to attempt to obtain tripartite agreement for financial support. Previous attempts, when Fr and Brit were in better exchange position, invariably failed despite their expressed interest in Berlin recovery. In present defense negots Fr and Brit have flatly opposed any suggestion that allied troop support in FedRep be financed in part by pay-as-you-go because of obvious payments difficulties which might arise from fon exchange liabilities created against them in favor of FedRep. Objection wld be voiced even more strongly where Franc and sterling obligations wld be undertaken in favor of expenditures with lower priority than troop support.

6. In view of little immed possibility of obtaining financial support for Berlin investment program, either through shifting investment financing burden to Fed Govt or through burden-sharing on tripartite basis, we see no alternative to solution of Berlin financing by means of specific dollar appropriation. We are fully cognizant of unattractiveness of providing dollar aid for purpose not directly connected with dollar balance of payments deficit and wld welcome suggestion of feasible alternative. However, we are convinced that no realistic alternative exists and that we must therefore request Berlin dollar appropriation of at least $100 million if Berlin recovery program, which has received your full support, is to be continued in originally planned scale in FY '53.

7. We are addressing this both to Dept and ECA because of important nature of request and difficulties of handling problem. Budget deadline makes consideration urgent.

McCloy

762A.00/12–2951 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State

CONFIDENTIAL Bonn, December 29, 1951—3 p. m.

906. Berlin's comments in reply to Deptel 765 to Bonn rptd Berlin 228[1] are quoted below. We agree in general with both comments and recommendations and have taken similar position here in respect of Fr objections to financial law (Bonn's 859 rptd to Berlin 125[2]). It is true that both Fed Govt and Senate have recently been trying to extend fed law to include Berlin to maximum extent possible but as long as suspension of Arts 23 and 144 basic law remain in effect and specific provisions of fed law in question do not constitute security threat in themselves we see no objection to liberal interpretation of *Mantelgesetz* procedure.

Berlin comments follow.

"For Reber. Ref Deptel 765, Dec 21 rptd Berlin 228.

(1) Fed law for protection constitution requires FedRep and *laender* create agencies for protection constitutional order and directs that agencies render mutual assistance and exchange info. Berlin authorities desire enact law since they feel it will enable Berlin to demand assistance of federal and *laender* agencies in protection of constitutional order in Berlin. At present Berlin can only request such assistance but has no legal ground for demanding it. Berlin office for protection constitution is already in existence on basis purely Berlin law to which Kommandatura did not object.

Fr oppose adoption fed law allegedly because it provides no reciprocity for Berlin. They claim it would require Berlin to assist in protection of constitution and constitutional order of FedRep but gives Berlin nothing in return, we believe however, Fr objections actually based on their fundamental opposition to Berlin's taking over law which permit fed agencies authority in Berlin. Noteworthy that their comments regarding this law have been directed primarily against Art V.

Re reciprocity aspect, Berlin authorities recognize possibility that adoption of law in its present form may not obligate FedRep and

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[1] Not printed; it reported that the French had presented an *aide-mémoire* to the Department of State requesting that the United States join in taking a firm stand against the continued efforts to integrate Berlin with the Federal Republic through the adoption of Federal legislation. (762A.0221/12–2151)

[2] Not printed; it reported that the British and French had recommended annulment of specific passages in the Federal Law regulating financial relations between Berlin and the Federal Republic in order to protect Allied policy with regard to the status of Berlin. (862A.10/12–2451)

laender to cooperate in protection Berlin's constitutional order, since law was drafted before Berlin program for taking over fed legislation was in effect and does not include now standard clause making law valid for Berlin provided latter enacts it in accordance Berlin constitution. Berliners say, however, they foresee no difficulty persuading Fed Govt to amend law by inserting Berlin clause.

(2) Re this particular law: Berlin authorities maintain it is of basic importance to preservation constitutional order in Berlin. Whether or not this true seems depend on Ger interpretation of Ger law. We feel, in any case, utility of a law is not basis for Allied objections. Our view is that as law does not adversely affect Allied interests, no reasons for Allied objections exist.

Re broader issue raised by Fr (that Allied concessions re *Mantelgesetz* and Schaeffer law[3] are inciting further demands by Berliners): This is justification to extent that Senate would like to see all fed legislation applicable in Berlin. This is in line with their desire that Berlin should be *de jure* 12th *land* and, so long as this not possible, *de facto* 12th *land*, with uniform laws, etc., at least in fields where Fed Govt, under basic law, has exclusive or concurrent legislative powers. They also argue, and rightly, that in many instances Berlin can reduce its budgetary costs by enacting in Berlin fed laws which provide for certain functions in Berlin to be performed by fed agencies or authorities (Schaeffer law is outstanding example).

Fr have finally, although reluctantly, admitted that Berlin may enact fed laws by means of *Mantelgesetz* (satisfactory formula for *Mantelgesetz* was recently agreed with Berlin authorities). They still maintain, however, that only in exceptional cases should fed agencies be permitted to function in Berlin under such *Mantelgesetz*. They also claim and Brit agree to some extent that Berlin and FedRep are following "policy of erosion" whereby each fed law enacted here brings Berlin closer to 12th *land* status. Combination of this plus operations of fed agencies in Berlin constitute threat to "security", according to Fr, in that Berlin's quadripartite status may thus be undermined, hence provoking some action by Soviets.

US element in Kommandatura has consistently argued as follows: Berlin cannot become 12th *land* by any German act so long as Allies continue suspension of Articles 23 and 144 of basic law and Article 1, paras 2 and 3 of Berlin constitution. Very fact that fed laws not applicable in Berlin until enacted by Berlin underlines city's separate status. For [many?] financial and other practical reasons, we can perceive no objections to uniformity of Berlin–Federal Republic legislation and, in fact, many advantages are to be gained by uniformity and by resulting Berlin–FedRep cooperation. Operations of Federal agencies in Berlin are amply covered [BK/AHC?]/0(51)63 (see para 1 mydesp 498 Dec 17[4]). In view these facts, US element sees no reason for objecting to any fed law adopted by Berlin *Mantelgesetz* unless provisions of law itself were such as to constitute real security threat here.

(3) Our recommendation re law for protection of constitution in [Berlin whether?] or not it serves practical purpose in Berlin is matter

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[3] Presumably a reference to the Federal Law regulating financial relations between Berlin and the Federal Republic of Germany.

[4] Not printed.

for German decision and, since law poses no security threat, allies should not object.

On broader issue, we believe that showdown will have to come sooner or later and as French have broached subject at governmental level it might as well be thrashed out now. Since this subject involves considerable technical detail, however, with which Dept not familiar, you may wish suggest it be referred back to AHC (which French have by-passed) [possibly?] because French HICOM is less inclined to support French in Berlin than is Quai d'Orsay. Signed Lyon".

McCLOY

INTEREST OF THE UNITED STATES IN THE STATUS OF THE SAAR[1]

762A.022/5–151 : Airgram

The Secretary of State to the Embassy in France

SECRET WASHINGTON, May 1, 1951.

A–1755. While the French attitude regarding the Saar in recent Paris negotiations leading to the signing of the Schuman Plan has been sufficiently flexible to permit acceptance of the formula embodied in the exchange of letters between Adenauer and Schuman,[2] we are still seriously concerned over the range of Saar problems discussed in the Department's airgram 1037, December 28, 1950 to London (repeated to Paris, Frankfort and Strasbourg).[3] We note from Paris' despatch 2771, March 29 (copies to London, Frankfort and Strasbourg)[4] that the French Foreign Ministry desires an indication of the Department's thinking on the problem of Saar membership in international organizations. This has been stated in Deptel 4432, February 23 to Paris (repeated to London 3898, Frankfort 5787, and Geneva 662) in the case of the ILO, and in Deptel 5237, April 4 to Paris (repeated Frankfort 6682, London 4513) in the case of the WMO.[5]

On the broader issues of Saar policy we believe that any long-range solution will eventually have to take into account the wishes of the inhabitants of the Saar and the necessity for closer Western European association. Once the Schuman Plan is implemented to the point of achieving that economic integration of the steel and coal industries of Western Europe which is its goal, the purely economic incentives motivating French policy towards the Saar (essentially a coal and steel producing area) should assume considerably less importance. Moreover, other forces making for European cooperation and integration may in time tend to mitigate those political pressures which make the Saar a volatile issue.

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[1] Continued from *Foreign Relations*, 1950, vol. IV, pp. 927 ff.

[2] For the French texts of the letters exchanged by Adenauer and Schuman at the signing of the agreements on the European Coal and Steel Community at Paris on April 18, see Folliot, *Documents on International Affairs, 1951*, pp. 242–243; for English translations, see Adenauer, *Memoirs*, pp. 334–335; for further documentation on the European Coal and Steel Community, see volume IV.

[3] For text, see *Foreign Relations*, 1950, vol. IV, p. 940.

[4] Not printed.

[5] Neither printed; they indicated that the United States opposed full membership of the Saar in the International Labor Organization and the World Meteorological Organization (398.06–ILO/2–2351 and 399.7294/3–2851).

The most practicable present approach, therefore, to what is admittedly a difficult problem seems to lie in an attempt to persuade the French that their own interest can best be served by a moderate and reserved handling of Saar questions. During this critical period of basic political decision and new institutional development in Western Europe, any injection of the Saar issue can only jeopardize those objectives for the achievement of which the signing of the Schuman Plan has given new hope. It should be obvious, both from the content of the criticism levelled at the present German Government on the Saar question and its reaction to such criticism, that the positive and cooperative orientation of that Government is at least partly contingent upon its ability to keep the Saar from becoming a major issue in internal German electoral and parliamentary struggles.

We do not wish to suggest any ready-made formula for handling the Saar problem other than that generally implied in the principles discussed above. Although the three occupying powers have a compelling common interest in preventing the Saar from becoming a critical issue at this time we should prefer that the French, on their own initiative, develop a consistent approach which will achieve this objective.

In your discretion, you may raise the question with the Foreign Ministry stating our general position as outlined in the two preceding paragraphs and emphasizing our desire to avoid having the Saar problem precipitated into current or forthcoming negotiations where it might become a decisive factor. It may be pointed out that we attach particular importance to the necessity of keeping this in mind in connection with membership in international organizations and conferences, and express the hope that, in the foreseeable future, Saar participation in such organizations and conferences will be limited to observers attached to the French delegations proper. We would be prepared to examine any other proposals the Foreign Ministry may advance on this particular problem, although we continue to believe that the present *modus operandi* is the one least likely to excite adverse reactions in both Germany and France.

Copies of this airgram are being sent to Frankfort, Bonn, London and Strasbourg and comments from these posts are invited. London may at its discretion discuss the contents of this message informally with the Foreign Office.[6]

ACHESON

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[6] **Ambassador Gifford reported that the substance of this airgram had been conveyed to the British Foreign Office, whose spokesman "expressed full agreement with Dept's views." (Telegram 5998 from London, May 17, not printed, 762A.00/5-1751)**

Editorial Note

On May 29 the German Federal Government transmitted to the Allied High Commission for Germany a note reviewing the history of the Saar since the end of World War II and stating that the Saar Government had "created for themselves the means to suppress any political opinion they do not like." The Federal Government requested that the Governments represented in the Allied High Commission "take suitable steps to restore in the Saar area unrestricted freedom to the population to express its opinion and to make up its mind on those questions which are to be settled definitively in the peace treaty."

For the text of a translation of this note, see Folliot, *Documents on International Affairs, 1951*, pages 244–247.

762.00/5–3151: Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, June 5, 1951—8 p. m.

6594. Re Dept's A–1755 May 1,[2] London's tel 5998 May 17[3] and urtel 7404 May 31.[4] We have been disturbed by recent series of events re Saar which has again catapulted problem into forefront of Ger domestic polit picture. We consider Schuman-Hoffman ltr[5] and Saar Govt action to ban Saar Democratic Party as precisely the types of measures we wld hope cld be avoided, as suggested para 3 our A–1755. As stated that airgram success of Ger Fed Govt in furthering long range goals of Franco-Ger *rapprochement* and effective European assoc depends in part on its ability to prevent Saar from becoming major domestic issue. Although Bundestag debate on Saar[6] seems to have gone reasonably well under circumstances, there is no doubt but that Fr and Saar Govt actions made Adenauer's position much more difficult and tended to undermine effectiveness of his support for rapid Schuman Plan ratification by Bundestag, an objective of primary importance not only to Fr and Ger Govts but to US Govt as well.

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[1] Repeated to London, Frankfurt, Bonn, and Strasbourg.

[2] *Ante*, p. 1970.

[3] Not printed, but see footnote 6, p. 1971.

[4] Not printed; it reported the views of various French Foreign Ministry officials who felt that the question of the Saar had blown over and, it presented the contrasting view of Jean Monnet "who was very disturbed by what he termed 'dangerous situation'" created by the banning of the Saar Democratic Party on May 21. (762A.00/5–3151)

[5] For the text of Schuman's letter of May 9 to Johannes Hoffman, Minister-President of the Saar, which stated that France was disturbed by the activities of the Saar Democratic Party, see Folliot, *Documents on International Affairs, 1951*, pp. 243–244.

[6] The West German Bundestag had debated the question of the Saar for 6 hours on May 30 in an atmosphere which the Liaison Division of HICOG had described as "surprisingly temperate". (Telegram 897, May 31, from Bonn, not printed, 762A.00/5–3151)

If you have not yet discussed substance Dept's A–1755 with FonOff it wld seem appropriate for you to mention these recent events as examples of action we wld hope Fr Govt wld seek to avoid. You may express Dept's concern with possible effects of such precipitate moves on long range European objectives which we fully share with Fr Govt. In gen, we are inclined to agree with Monnet's views as reported last para urtel 7404 and fear that further actions of this nature will only give aid and comfort to extremist and nationalist elements in Ger and alienate the more moderate elements supporting our common goals in Europe. If you have already discussed Dept's A–1755 with FonOff suggest that conversation might be appropriate point of departure for presenting above views, which wld lend force and substance to earlier points.

Pls report results your discussions with FonOff.

ACHESON

762A.00/6–951 : Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

SECRET PRIORITY PARIS, June 9, 1951—9 p. m.

7654. In conveying substance Deptel 6594 June 5 (rptd London 5668, Frankfort 8261, Bonn 159, Strasbourg 32)[2] orally to Beaumarchais, FonOff official in charge Saar affairs morning June 9, Emb informed that urgent instructions sent late June 8 to Massigli and Bonnet to submit to UK and US Govts draft tripartite reply[3] to Adenauer note on Saar (Bonn's 1123 to Frankfort May 29, rptd Dept 895, London 257).[4] This move prompted both by gen desire Fr to present united front with Allies to FedRep and in particular by passage in Adenauer note (text of which Emb wld appreciate receiving) in which, according to Fr, Gers imply that silence of HICOM on their theses against Franco-Saar behavior implies acceptance FedRep's views.

Fr draft of reply is very firm reaffirmation of consistent Fr juridical position. It re-emphasizes legality of 3 power decisions resulting from CFM discussions, rejects Ger views that Allied June 1945 decision to use 1937 boundaries of Reich applies to more than basis for delineating occupation zones, reaffirms Fr view that Saarlanders made free choice approving present status of Saar pending peace treaty, points out that fundamental law of FedRep does not include Saar in area of Western Ger, and concludes that FedRep has no right to mix in Saar affairs. Note reiterates that final settlement of Saar status reserved for peace treaty and, at FonMin Schuman's personal suggestion, inserts ref to Franco-German exchange of notes on occasion signing Schuman Plan treaty (Embtel 6414 Apr 22, rptd London 1627, Frankfort 829 [5]) as reaffirmation this fact.

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[1] Repeated to London, Frankfurt, and Strasbourg.

[2] *Supra.*

[3] A copy of the draft reply which Ambassador Bonnet left with Byroade on June 8 is in file 762.022/6–851.

[4] Not printed; regarding the note on the Saar, see editorial note, p. 1972.

Schuman's insertion results from Fr impression FedRep acting as if Schuman Plan, contrary to text of notes exchanged at time, means status of Saar now to be altered. In words of FonOff official, "Adenauer returned to Bonn thinking he had Saar in his pocket".

This aspect came out in reply Emb's efforts point out how much better it wld be if Fr and Saar actions did not repeatedly add fuel to fire of Ger resentment at loss of Saar. FonOff official replied that he wld be only too happy if Saar question cld be kept "in a frigidaire." but, "unfortunately, Gers lack moderation, and this is one example". According to him, activities of Saar Democratic Party had multiplied 10 times after signature of Schuman Plan. Opposition to policies of a govt and to use made of institutions legitimate, but opposition to very existence of fundamental political institutions intolerable. Given fact that a political party had recently been banned in Berlin,[6] Saar had no lessons in democracy to receive from Gers.

As to possible effect of Saar question on FedRep ratification Schuman Plan treaty, FonOff very skeptical it will do harm. Beaumarchais expressed strongest conviction Bundestag wld ratify, thought FedRep had interest to ratify first of all, and doubted Saar question wld even delay matter.

On other hand, same official emphatic that if Fr deputies get impression that Schuman Plan means alteration in status of Saar there will be considerable difficulty in obtaining Assembly's authorization for treaty ratification.

Emb officer refrained from comment when shown text of Fr draft of proposed tripartite note. We recognize that present wording is slap in face for Chancellor that might do more harm than good. Nevertheless, Emb wld point out that there is danger that too strong line on our part with Fr may boomerang. If Fr get impression that US inclined to reneg on position taken at CFM and reaffirmed by Secretary in Jan 1950,[7] more headstrong elements might force precipitous action which wld cause further embarrassment all around. It must be recognized that Grandval in Saarbruecken is smarting from defeat over effort to have Saar rep sign Schuman Plan treaty. Grandval has Gaullist sympathies, and, as already noted in Bonn's 1158 to Frankfort, June 6, rptd Dept 914 and London Unn,[8] Gaullists are using Saar as electoral campaign issue vs FonMin Schuman.[9] Latest issue of RPF's official organ has feature article on "Schuman's renunciations" re Saar. Though it is inconceivable Schuman will not be reelected in Moselle, his party's chief opponent there is Gaullist RPF, and possibility exploit Saar wld aid latter split Dept's seats MRP. In next Assembly, nationalism of much stronger Gaullist bloc will have to be reckoned with. In short, while US can of course serve as moderating influence on both FedRep and Fr Govts, it must be realized latter as well as former is subj pressure from opposition that will exploit Saar question for own ends.

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[5] Not printed; for translations of these notes, see Adenauer, *Memoirs*, pp. 334–335.

[6] The reference cannot be further identified.

[7] For Secretary Acheson's statement on the Saar at his press conference on January 18, see the editorial note, *Foreign Relations*, 1950, vol. IV, p. 929.

[8] Not printed.

BRUCE

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[9] For documentation on the French National elections, June 17, see volume IV.

762A.00/6–1251 : Telegram

The Acting United States High Commissioner for Germany (Hays)[1] *to the Secretary of State*[2]

SECRET FRANKFURT, June 12, 1951—10 p. m.

10062. Ref Paris tel 7654 to Dept June 11 rptd 1048 Frankfort, 2025 London, unnumbered Strasbourg;[3] Deptel 6594 June 5 to Paris, rptd 5668 London, 8261 Frankfort, 159 Bonn, 32 Strasbourg.[4]

Although show of HICOM unity on Saar highly desirable, despatch of tripartite note to Fed Govt along lines proposed by Fr wld seem serious error at this stage. Present moment certainly unpropitious for presenting to FedRep solid front three western powers which wld imply approval recent Fr action and administer allied reprimand to Chancellor. If, as French claim, action of DPS[5] seriously threatens maintenance of *status quo* and democratic principles, emphasis shld be laid on these latter rather than upon juridical-legal arguments concerning status.

Adenauer note to HICOM merely states Ger case without asking HICOM acceptance these claims; only asks govts represented in HICOM take appropriate measures to establish democratic freedoms in Saar. His entire attitude in debate and unusually statesmanlike restraint of opposition point to desire defer debate on issue of Saar statute until peace settlement. No evidence whatever Gers consider that HICOM silence re Ger thesis on Saar implies acceptance FedRep views. Equally apparent Adenauer did not return from Paris to Bonn thinking he "had Saar in his pocket". Ger official attitude seems statesmanlike one that Saar issue shld not be permitted to get out of hand at this stage and obstruct vastly more important measures such as Schuman Plan.

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[1] McCloy was in Washington from June 11 to July 2 for consultations on Germany.

[2] Repeated to Paris, Bonn, Strasbourg, London, and Berlin.

[3] *Supra.*

[4] *Ante*, p. 1972.

[5] Democratic Party of the Saar.

We must take exception to Fr Fon Office view Saar question not likely hinder ratification Schuman Plan at Bonn. Ger opinion, including attitudes both govt and opposition, shaken by action Saar Govt re DPS with French official support. Most serious aspect is that Ger belief in Fr good faith re Schuman Plan, Ger equality in Eur army and, in fact, whole program for Eur integration had been set back. Recent developments have given added fuel to Schumacher and even raised serious doubts in ranks govt coalition re Adenauer's conciliatory course. Fr HICOM officials at Bonn have privately repeatedly expressed opposite views from those of Fr on Fon Office re effect Saar issue on Schuman Plan prospects.

If note of type proposed by Fr sent, outlook for ratification Schuman Plan dubious. Non-ratification because of Saar wld have far-reaching implications for Franco-Ger relations and be major set-back for Ger integration with west.

Importance of state of Fr opinion and impending elections fully realized, but acceptance of proposed text at this juncture might have consequences more serious than refusal acquiesce. Hence we suggest Dept take following course respecting Saar for present.

1. Use influence to prevent any further official statements or debate question econ and polit status Saar by all interested govts pending major and definitive accomplishments in direction Eur integration inclusive of Ger (such as Schuman Plan ratification, defense arrangements, contractual agreements, etc.). Paris shld continue present to Quai d'Orsay our deep concern at probable consequences any further Fr unilateral action.
2. Propose either no reply be made at this time to Adenauer or that reply be limited to reiteration that final settlement Saar status reserved for peace settlement and to assertion that pending such settlement, each govt will seek and support full maintenance democratic institutions and human freedoms in Saar;
3. Make clear to Fr we continue willing accept present provisional status of Saar pro tem and use influence to moderate debate on Saar issue at Bonn providing Fr show similar moderation; but explain frankly to Fr that pre-settlement faits accomplis is calculated to prejudge final settlement, risk serious consequences for program of Franco-Ger association which has our full support and wld unnecessarily complicate solution of Saar question.

In addition we shld give careful consideration to formulation US position Saar settlement. This must honor our commitments but insist at same time that their pertinence and applicability must be interpreted in light of conditions prevailing at time of final settlement. Over-riding objective must be necessity of uniting and strengthening

Eur community. Furthermore elections of 1947, which Fr regard as definitive, shld not be accepted as final expression of will of population in view of restrictions imposed in voting at that time and possible subsequent shift of opinion (Bonn's unnumbered June 5 to Dept, Frankfort, Paris, London, Strasbourg, Berlin[6]). Will of Saar population shld be ascertained in some way and considered in connection final settlement, though not necessarily as decisive in view interest of other peoples and peculiarly Eur character of Saar problem. US might seriously consider possibility, in view clashing national aspirations, of some kind on [*of*] international settlement for Saar, possibly through Council of Eur.

HAYS

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[6] Not printed.

850.33/6-1251 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, June 19, 1951—7 p. m.

8662. We have studied carefully recommendations contained your 10062 June 12 rptd Bonn 493, Paris 1024, Strasbourg and London unnumbered,[2] and agree generally with your analysis of effect Fr draft reply to Adenauer note wld have in Ger. We believe Adenauer's sincere efforts minimize Saar issue in Ger now because of threat it poses to Franco-Ger *rapprochement* and Eur integration shld be supported by govts represented in HICOM. Presentation of a note along lines Fr draft wld certainly not achieve this end and wld in fact, in our opinion, seriously prejudice long-range Fr policy for Europe which was fathered by Schuman and which has full support US Govt. We hope Fr Govt will appreciate these facts, particularly since elections are no longer a factor of concern, and will cooperate in formulating briefer and less controversial reply to Adenauer.

We plan call in Fr Emb repr and speak to him along foregoing lines. We shall also prepare a brief draft reply Adenauer's note which we will tele you subsequently for negot with your colleagues in HICOM. Anticipate draft will touch on fol main points:

(1) Note FedRep views as expressed in Chancellor's note.

(2) Reiterate tripartite position that Saar's final status is reserved for peace settlement.

(3) State support of three Allied govts for maintenance democratic institutions and liberties in Saar.

(4) Express full agreement of three govts with thesis that all interested parties shld seek to prevent Saar problem from becoming serious

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[1] Repeated to Bonn, Paris, London, and Strasbourg.

[2] *Supra.*

element of controversy and thus endangering more important long-range objective of close European assoc.

Although no mention will, of course, be made in reply to Adenauer of possibilities for satis long-term settlement for Saar, we shall express to Fr Emb repr our view that logical solution to Saar problem might best be found in some form of internatl Eur settlement consistent with concepts behind Schuman Plan and Council of Europe and voice hope some such solution cld be found.[3]

We have discussed this problem with McCloy who considers it is increasingly more dangerous to let Saar situation drift on thesis that it will be settled at time of peace treaty. He visualizes Saar question being interjected with increasing vigor into solution of outstanding Franco-Ger problems and invariably arising at a time and in manner to frustrate our policy of promoting better relations between these two nations. For ur info only, McCloy has been considering whether it wld be wise to suggest Ger initiative in sponsoring a solution to Saar question, as a moderate proposal from Gers might be more readily acceptable to both France and Germany than a plan sponsored by Fr. Any views Paris Embassy cld furnish on this idea wld be appreciated.[4]

ACHESON

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[3] For the text of the United States draft reply, see telegram 8730, *infra*.

[4] In telegram 8067, June 25, from Paris, not printed, Ambassador Bruce reported his "fear that attempt introduce proposals for final settlement Saar's status at this juncture wld rather stir up tempers than lead to helpful compromise." (762A.022/8-2551)

850.33/6-2151 : Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET WASHINGTON, June 21, 1951—8 p. m.

8730. Re para two Deptel 8662 June 19, rptd Bonn 175, Paris 6927, London 5989, Strasbourg 34,[2] fol is suggested text of reply to Adenauer ltr re Saar:

Begin text. Mr. Chancellor: By ltr dated May 29, the Fed Govt called the attention of the govts represented on the Allied High Commission to the situation in the Saar and raised on this occasion the entire problem of the polit and legal basis of the present status of the Saar.

The govts of Fr, UK and US have noted the views of the Fed Govt as contained in this ltr and reaffirm their earlier declarations that the final status of the Saar remains to be determined at the peace settlement on Ger. With reference to the last sentence of the fourth para of your ltr the common position of the three govts has repeatedly and publicly been made clear since the Moscow session of the CFM in April 1947.[3]

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[1] Repeated to Bonn, Paris, London, and Strasbourg.

[2] *Supra*.

The three Govts affirm their support for the maintenance of democratic institutions and individual liberties in the Saar.

The three govts are in full accord that all parties interested in the problem of the Saar shld seek to prevent that problem from becoming a serious element of controversy and thus endangering the common objective of a close and lasting polit and econ assoc of Eur nations, an objective which the three govts know is fully shared by the Govt of the FedRep. *End text.*

Text of any agreed HICOM draft reply shld be cleared with Dept before dispatch to Chancellor.

Substance of reftel was discussed with Brit Emb June 19 and communicated Fr Emb repr June 20.

ACHESON

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[3] For documentation on the fourth session of the Council of Foreign Ministers, held at Moscow from March 10 to April 24, 1947, see *Foreign Relations*, 1947, vol. II, pp. 139 ff.

Editorial Note

Following the transmission of telegram 8730 (*supra*), discussions took place in London, Paris, and Washington to coordinate the final text of the agreed tripartite response. The French disliked the United States draft since it did not seem to constitute a reply to the West German note and seemed to censure the Saar Government, while the British decided to use the United States draft as their own working paper rather than one they had prepared. During July further drafts were prepared, considered and rejected by one power or another until at the end of the month representatives from the United States and British Embassies and the French Foreign Ministry, working in Paris, succeeded in drafting an agreed tripartite reply that was delivered to Chancellor Adenauer by the Allied High Commission on August 3.

The note reiterated that the basis for the status of the Saar had been publicly stated on several occasions and reminded the West Germans "that the jurisdiction of the Federal Republic does not extend beyond its territorial limits". After reaffirming that the final status of the Saar would be determined by the peace treaty, the note concluded:

> "The three Governments naturally support the development of democratic institutions and respect for individual liberties in the Saar; finally they express their firm hope that all precautions will be taken to prevent the Saar problem from becoming a serious element of controversy and thus endangering the common objective of a close and lasting political and economic association of European nations, an objective which the three Governments know is fully shared by the Government of the Federal Republic."

For a French text of this note, see Folliot, *Documents on International Affairs, 1951*, pages 247–248; an English text, transmitted in telegrams 711 and 719, August 1 and 2, from Paris, neither printed, is in file 762.022/8–151 and 251; further documentation relating to the preparation and consideration of the several drafts, including their texts, is in files 762A.00, 762.022, 850.33 and 862.19–Ruhr.

762.022/8–2251: Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, August 22, 1951—7 p. m.

1122. UK Emb has asked our views on a US–UK approach to Fr re Fr intentions on determination of final status of Saar. UK proposed making parallel not joint approach through our Embs in Paris.

We have replied that we wld be agreeable to transmitting an *aide-mémoire* covering fol main points:

1. Reiteration of our support for Saar's interim status.
2. Our concern over harmful effects this question on common relations of 3 Occupying Powers with Ger,
3. Recalling our past efforts to minimize these effects by asking both Fr and Gers to avoid actions and statements re Saar which wld prejudice agreement on projects of paramount importance (e.g. Schuman Plan and European integration),
4. Our conviction that sooner this stumbling block can be removed by a definitive determination of status of Saar better, and
5. Finally, after noting reference to determination of final status of Saar in a "peace treaty or other treaty" in Schuman–Adenauer exchange of letters at time of signature of Schuman Plan, an inquiry as to what Fr have in mind in this respect.

We agreed that approach shld be made through our Paris Emb. We raised question, however, whether preferable for both or just one actually approach Fr. As regards timing, we prefer to avoid injecting Saar issue into Sep Fon Mins talks [2] and suggested, that presentation of *aide-mémoire* shld be timed with that in mind. On other hand if Schuman shld raise it in some connection, it might be most effective to have Secy and Morrison themselves comment along above lines.

Request ur comments.[3]

ACHESON

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[1] Repeated to London, Frankfurt, Bonn, and Strasbourg.

[2] For documentation on Western Foreign Ministers meeting at Washington, September 10–14, see pp. 1163 ff.

[3] In telegram 1012, August 23, from London, not printed, Holmes reported that the acting head of the German Political Department of the Foreign Office liked the *aide-mémoire* suggested in this telegram, but felt that the Saar should not be discussed by the Foreign Ministers. (762.022/8–2351) For Embassy Paris views, see telegram 1208, *infra*.

762.022/8–2451 : Telegram

The Ambassador in France (Bruce) to the Secretary of State [1]

SECRET PARIS, August 24, 1951—9 p. m.

1208. Re Deptel 1122, Aug 23, rptd London 1091, Frankfort 1359, Bonn 79, Strasbourg 13.[2]

Emb considers that disadvantages wld outweigh advantages if US were to approach French Govt in near future on latter's plans for definite status of Saar, although such an approach may be advisable later on. In any case, it is much to be preferred to suggesting to Adenauer that FedRep make proposal in matter (Embtel 8067 June 25, London 2169, Frankfort 1137, Strasbourg 55).[3]

Emb emphatically concurs in Dept's preference for avoiding any immed step that wld inject Saar issue into FonMin's Sept talks. Emb also agrees that if Schuman raises issue Secretary shld be prepared comment along lines numbered paras of reftel.

Emb believes that two considerations make it preferable that if any approach at all to French on this matter is to be made in next few months, it be left in first instance to Brit. In first place, US is already in position of seeking to influence French on a number of issues relating to Germany and even mere inquiry on Saar question might be regarded by French as sign US policy shifting and as additional US pressure for French concessions to Germans. It might thus create atmosphere that wld have harmful effect on settlement other, more important, current issues.

Secondly, any approach by US wld very probably result in French incorporating in their reply a reference to passage in Secy's press conf statement of Jan 18, 1950, concerning US support for French view that Saar shld have certain degree of autonomy when final status fixed. (Summary our position given numbered para 1 of reftel does not coincide with that position as it is understood by FonOff, French believe on basis Jan 1950 statement that we also support their gen view on approach during peace treaty negots.) Result might be that French shld endeavor to nail down US support for French-proposed settlement (as part of negot over whole current Ger problem) that might be more generously formulated if additional time allowed to lapse before positions taken.

With regard to future status of Saar, Emb recalls that some uncertainty exists as to whether it is Adenauer's intention in next session Council of Europe Comite of Mins, tentatively scheduled for Jan 1952, merely to question Saar govt's observance of human rights convention or to raise whole question of Saar's future without waiting for peace treaty. Emb wld welcome any light HICOG can shed on Chancellor's intentions.

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[1] Repeated to London, Frankfurt, Bonn, and Strasbourg.

[2] *Supra.*

[3] Not printed, but see footnote 4, p. 1978.

So far as Emb is aware, FonOff official charged with Saar affairs has made preliminary study of reply to Adenauer if he raises human rights issue, but has not considered second possibility. On other hand, Schuman is reported in *Le Monde* Aug 21 to have said in speech at ceremony in Moselle that "with regard to Saar, day will come when long-awaited agreement will calm troubles that certain precipitate words and deeds have brought on, provided that all parties show good will and good faith equal to that of France." It is possible that this indicates FonMin himself already has under consideration some plan for settlement Saar issue that he believes acceptable to Germans. If this is so, Emb believes it wld be better tactic let this ripen without interjection US or UK inquiries.

BRUCE

762.022/8–2451 : Telegram

The Acting Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, September 28, 1951—5 p. m.

1858. Urtel 1208, August 24 rptd London 1091, Frankfort, 128, Bonn 27, Strasbourg unn and Deptel 1122 Aug 22 rptd London 1091, Frankfort 1359, Bonn 79, Strasbourg 13.[2]

Dept intends proceed with transmission *Aide-Mémoire* along lines indicated Reftel. We note your original objection not to content of approach but rather to timing. Now that FonMins and NATO conferences [3] concluded and agreement reached with Fr on broad range of subj we believe time propitious to attempt elicit info re Fr intentions on settlement Saar issue for fol reasons:

1. Such approach only possible when Saar issue relatively quiescent as at moment,
2. Gers (particularly SPD) apparently determined advance Ger position whenever possible and Ger activity likely to increase,
3. Fr position not becoming stronger and their ability and willingness arrive at settlement which Gers can accept is likely decline if position weakens. (FYI Schuman is reported to have stated off-the-record at Ottawa to Ger DPA correspondent that time of contractual arrangements wld certainly be opportune time for settlement Saar issue).
4. Letting Saar issue drift constantly risks it becoming linked in FedRep with such questions as Schuman Plan. As Brit point out, best hope for settlement seems to lie in frank exchange of views with Fr on issue.

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[1] Repeated to London, Frankfurt, Bonn, and Strasbourg.

[2] *Ante*, p. 1980.

[3] For documentation on the Seventh Session of the North Atlantic Council, held at Ottawa, September 15–20, see pp. 616 ff.

Brit have indicated they strongly prefer parallel rather than unilateral approach. They have agreed with Dept that approach shld be made through our Paris Embs and Dept wld prefer handle through Paris unless you feel other factors make it desirable that action be taken Washington and London.

Ur comments requested soonest.[4]

WEBB

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[4] In telegram 1960, October 1, from Paris, not printed, Ambassador Bruce commented that he would "greatly prefer" a personal approach before submitting a formal *aide-mémoire*, since the latter "wld probably invite legalistic reply from French with quibbles over our expected commitments rather than constructive thinking on their part." The preference for the personal approach was shared by High Commissioner McCloy and the British Foreign Office. Telegrams 2884, October 2, from Frankfurt, and 1938, October 19, from London, neither printed. (762.022/10–151 and 251 and 862A.022/10–1951)

762A.022/10–2751 : Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

SECRET PARIS, October 27, 1951—8 p. m.

2482. Deptel 2341 October 20, rptd London 2116, Frankfort 2531, Bonn 148, Strasbourg 27.[2]

1. Brit Amb and I yesterday made approach to Schuman about Saar question authorized in reftel.

2. Brit Amb opened with statement as to binding nature of assurances already given France as regards provisional status of Saar, adding that Schuman himself on several occasions had spoken of possibility of a solution prior to conclusion of peace treaty with Ger. He stated both our govts wld feel such a solution most advisable and that we wished to inquire whether French Govt was contemplating any initiative in matter.

3. Schuman replied Fr Govt certainly had matter under consideration. Stressing he was speaking entirely personally, he said he did not think present status cld continue indefinitely even in absence of peace treaty or similar arrangement. He recalled elections will be held in Saar in 1953 and said he personally thought question shld be settled before then. He pointed out local situation is now quiet and Adenauer has preserved calm attitude re Saar for considerable period. He said it was possible in coming months Fr Govt wld begin exploring ground.

4. In reply to my question Schuman said there was certainly possibility of solution in context of Fed Eur. He understood there were Germans including possibly Adenauer himself who favored such a solution but he did not know how acceptable it wld be to Bundestag.

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[1] Repeated to London, Frankfurt, Bonn, and Strasbourg.

[2] Not printed; it authorized Ambassador Bruce in association with British Ambassador Harvey to make a personal approach to Schuman. (762A.022/10–1951)

He emphasized Fr Govt's firm opposition to annexation of Saar, but added any settlement must take account of facts Saar is econ part of Lorraine basin of France. Present arrangement is working very well and present policy of Fr Govt is that this econ attachment shall continue. In other words, Saar shld remain econ apart of France but not politically so. He speculated as to possibility of special status for Saar placing it under Eur community. He recalled in passing that in Germany after 1870 Alsace and Lorraine were not made ordinary Ger states but were regarded as forming a kind of trust common to the whole Reich. Saar while enjoy complete autonomy might be conceived to occupy somewhat similar position in respect of states making up European community. Another alternative according to Schuman wld be for Saar to be politically independent like Luxembourg while remaining attached economically to France, but he understands Ger wld not like this solution.

5. Above account of conversation has been concurred in by Brit Amb.

BRUCE

601.5162/11-2051 : Telegram

The Acting Secretary of State[1] *to the Embassy in France*[2]

SECRET PRIORITY WASHINGTON, November 20, 1951—6 : 43 p. m.

3062. Deptel 3008 to Paris Nov 19, rptd info London 2574, Bonn 338, Fkft 3056.[3] While we hope action taken pursuant reftel will forestall Adenauer raising Saar issue in talks with Fon Mins, fol is Depts thinking re handling in case this eventuality shld occur:

1. Our objective shld be to keep Saar question from becoming connected with present negots.
2. We shld avoid making any commitment to Adenauer about timing or manner of reaching final settlement, since he wld then be obliged to ask that Gers be allowed participate in deliberations.
3. We shld impress upon Fr importance avoiding any action which might prejudice final Saar settlement or embarrass Adenauer in Ger during present critical period. Any tripartite assurances which cld be given him on this score wld be helpful.

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[1] Secretary Acheson was in Paris for discussions with Foreign Ministers Schuman and Eden on German participation in European defense; for documentation on these discussions, see pp. 1312 ff.

[2] Repeated to London, Bonn, and Frankfurt.

[3] Not printed; it stated that the Department of State shared the concern, reported by High Commissioner McCloy in telegram 421, November 17, from Bonn, not printed (762A.00/11-1751), over the consequences which would arise from an exchange of Ambassadors between France and the Saar. Telegram 3008 stated further that it would be "highly desirable" for Secretary Acheson to discuss the question with Schuman, "pointing out exchange at this time wld be most inopportune." (601.5162/11-1751)

For ur background, while Art 6 of Fr–Saar Gen Convention[4] provides for Fr Rep in Saar with dipl privileges and immunity and Art 11 for Saar mission in Paris with dipl privileges and immunity, Grandval is apparently source of present demand that Embs be estabd and Grandval and Hoffmann are pressing for early exchange Ambs. So far as we know, Fr under no other pressure to advance position re Saar at this time.

Adenauer, on other hand, is under strong domestic pressure to do something about Saar and has made statement that it will be settled (favorably to Ger) in near future (Bonn's 42, Jul 9 sent Fkft, rpt info Dept 25, Paris 13, London, Strasbourg, unn[5]). He is also committed to bring subject up in comite of Mins of Council of Europe at next mtg, late 1951 or early 1952. Meanwhile, SPD is reportedly planning raise issue in Consultative Assembly, which convenes next week, which may force CDU del to take similar action.

Inform Laukhuff.[6]

WEBB

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[4] For the text of the Franco-Saar General Convention of March 3, 1950, see Ruhm von Oppen, *Documents on Germany*, pp. 468–473 or Folliot, *Documents on International Affairs, 1951*, pp. 231–234.

[5] Not printed.

[6] Laukhuff was in Paris for the Foreign Ministers discussion of German participation in Western defense.

601.5162/12–1351 : Telegram

The Ambassador in France (Bruce) to the Secretary of State[1]

CONFIDENTIAL PARIS, December 13, 1951—6 p. m.

3536. Embtel 3041, November 21 (rptd Bonn 78, London 815.)[2] FonOff informs us question is still open whether Ambs are to be exchanged with Saar or whether contemplated change is to be made in some other manner, and in any event no action will be taken before January 1. After budget is voted, however, something will have to be done reasonably soon to allow funds to be disbursed for Fr diplomatic mission in Saar, since there will be no funds for office of High Commissioner. On other hand, FonOff considers that govt will have some flexibility in deciding time and manner of move, and has promised us adequate advance notice.

As Dept is aware, contemplated move is pursuant to announced Cabinet decision of last March (Embtel 5603, March 21[3]) which in turn required budget action as reported Embdes 1360, November 20.[4] In following up on Secretary's conversation with Schuman, we have impressed upon Fr importance of psychological element with respect to this move, and were told that Schuman himself is keenly alive to this factor and will make decision on timing in the light of reports from Germany about status of projects of common interest. In any event, there is to be no ceremony and change-over is to be as inconspicuous as possible.

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[1] Repeated to London, Bonn, and Strasbourg.

[2] Not printed; it reported that Secretary Acheson had remarked to Foreign Minister Schuman upon "unfortunate repercussions that might occur in Ger from exchange of Ambassadors between France and Saar." Schuman had given no specific assurances in reply, but Embassy Paris believed that Acheson's remark "should have desired effect." (601.5162/11–2151)

[3] Not printed.

BRUCE

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[4] Not printed.

ATTITUDE OF THE UNITED STATES TOWARD DEVELOPMENTS IN THE SOVIET ZONE OF GERMANY:[1] REPORTS ON EVENTS OF SIGNIFICANCE IN THE "GERMAN DEMOCRATIC REPUBLIC"; THE WORLD YOUTH FESTIVAL IN BERLIN; SOVIET POLICY IN THE EASTERN ZONE

662B.001/1-2351 : Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[2]

SECRET FRANKFURT, January 23, 1951—7 p. m.

6053. PEPCO. ReDeptel 4402, December 18,[3] expressing Departmental concern over effects GDR "law for protection peace" (Berlin's 845 December 15, sent Frankfort 956 and Bonn's 408, December 19, sent Frankfort 460, both pouched London, Paris and Moscow[4]), these supplemental comments submitted:

1. Agree with analyses of Berlin (Berlin's 883, December 27, sent Frankfort 1002[5]) and Bonn (Bonn's 426, December 30 sent Frankfort 478, pouched London, Paris, Moscow[6]) but feel both tend overlook that law forms tactic called for by Warsaw 2nd World Peace Congress as part of most recent Communist drive against NATO as well as Western German rearmament and available forms of warfare. Though spread of fear psychology and focus on Western Germany, (together with possible set-up in kidnappings, border controls, propagandistic trials, et cetera) form aspect of implementation law, text, (being despatched separately, HICOG despatch 2396, January 22[3]) and editorial comment in Cominform *Journal* appear establish wider purpose is to promote "independent neutralism" line spawned at Warsaw and now being advanced by Western European Communists. Think, therefore, law should not necessarily, as suggested by Berlin, be interpreted

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[1] For previous documentation, see *Foreign Relations*, 1950, vol. IV, pp. 942 ff.

[2] Repeated to Moscow, London, Paris, Rome, Vienna, Warsaw, and Praha.

[3] Not printed.

[4] Neither printed; for the text of the Law for the Protection of Peace, see Ruhm von Oppen, *Documents on Germany*, pp. 536–538.

[5] Not printed; it reported that the purpose of the law seemed to be an effort to intimidate West Germans and Berliners from supporting the Western defense program and also afforded a legal basis for further repression against disaffected elements in East Germany. (662A.62B/12-2750)

[6] Not printed; it reported that Bonn political sources substantiated the Berlin estimate of the significance of the law. (762B.00/12-3050)

as abandoning mask of friendly overtures of GDR to Federal Republic which commenced with Grotewohl letter to Chancellor.[7]

2. Both law and Grotewohl letter aimed at crypto-Communists, fence-sitters and neutralists. "Appeal" of law is that all persons, including Germans, who fail to support Soviet "peace" line deserve (and will receive) punishment. Hence, partisans of peace must push for similar Federal Republic legislation and implementation. "Appeal" of letter is that plans to rearm Western Germany have caused national emergency which requires Germans to concert and take own future into their hands. Hence two moves complement each other and implementation of law within Soviet Zone to date probably not intended as hostile act so much as action intended to demonstrate seriousness choice Western Germans must make between war and peace.

3. Considered within purely German text, however, believe law furnishes instrument which Soviets intend combat adherents of Schumacher position that rearmament Western Germany must be contingent on build-up of sufficient US and allied forces within Federal Republic to seize strategic offensive and fight world war three in Poland and beyond. Considering strength of SPD Ost-buro (underground) in Soviet Zone, Schumacher's line has obviously taxed nerves of GDR and Polish Communists and, from Soviet standpoint, is example of warmongering. That law not entirely divorced from Schumacher thesis seems evident from recent article in Cominform *Journal* by Reimann, Western German Communist (KPD) chairman.

4. Two lines counterattack suggested by Berlin have been implemented in large part and continue to be plugged in Germany and overt media. Chancellor's highlighting of law in his January 15 statement on Grotewohl letter and Schumacher follow-up in January 21 RIAS broadcast have been helpful in exposing fraud and Soviet inspiration of law.[8] Western Germans have, like Berliners, taken law in stride and Soviets/GDR have made little if any headway in rationalizing law's "purpose" as defining war propaganda as crime against humanity. Appears no likelihood that Cominform purpose attaining similar law or endorsement thereof in Federal Republic will be realized.

5. Since Germans themselves took initiative in denouncing law we thought it best not to dignify it with official comment lest such might increase apprehensions of its effects. Believe it can best be exposed as part of phoney Soviet "peace offensive". Meanwhile, as suggested by Berlin and Bonn and Federal Republic [officials with whom we have spoken, we shall encourage Magistrat and Federal Republic] to tighten kidnapping legislation and border controls, but will seek avoid implications these measures taken as reprisals. As Department knows,

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[7] For documentation on the response to Grotewohl's letter of November 30, 1950, concerning German unity, see pp. 1747 ff.

[8] Regarding Chancellor Adenauer's statement of January 15, see *ibid.*

we have already moved ahead with implementation regulations to control and eliminate importations of subversive propaganda from Soviet Zone.

6. Kaiser Ministry officials and Wehner, SPD chairman Bundestag all-German committee, tell us law has already backfired somewhat against GDR by discouraging visits to events such as Leipzig fair and that SPD intends in near future call for interpellation on law in Bundestag. SPD will call on Bundestag to pass resolution or law condemning crimes against humanity and will seek have convictions under GDR law defined as crime against humanity. Federal Republic has given some thought to sponsoring law disclaiming applicability GDR law to Federal Republic territory and making application of GDR law to Federal Republic citizens penal offense but has decided against it for following reasons: (*a*) would put Federal Republic in weaker propaganda position than if GDR law more or less ignored, (*b*) would tend heighten apprehensions among Western Germans, and (*c*) would involve Federal Republic in tit-for-tat type of reprisals best avoided under circumstances.

7. Pending formulation within UN or CFM of broad approach to blunt and discredit Soviet "peace offensive", including this latest variant, believe best current lines are those suggested by Berlin, plus fact that law instrument of Soviet policy, plus fact that law contributes to difficulties in effecting German unity.

McCLOY

962B.00/2-1551

Paper Prepared by the Acting Director of the Eastern Element of HICOG (Holt)[1]

SECRET

BERLIN, February 15, 1951.

NOTES FOR EASTERN ELEMENT'S BRIEFING OF GENERAL MATHEWSON, U.S. COMMANDER, BERLIN

It appears that Soviet policy regarding Eastern Germany has been and continues to be

(1) the consolidation of Soviet Communist control, which involves the Sovietization of government, economy, and military forces, all public organizations and institutions, as well as the culture and ideology of the people;
(2) the integration of Eastern Germany into the Soviet political, economic, and military system of satellite countries, among which in Europe, Eastern Germany is expected to play the most important role;

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[1] The source text is a copy received by the Intelligence Adviser of the Bureau of European Affairs on March 7 and later referred to the Division of Communications and Records with a request "to put this on record."

(3) the utilization of East Germany as an advance base for the extension of Soviet-Communist control over Western Germany, and ultimately over Western Europe.

1. In regard to the first point, the Soviet aim of consolidating Soviet-Communist control, economic, military, and political power in the Soviet Zone has been achieved: Developments in all these fields proceed in perfect accord with Communist direction; there is no important effective organized opposition except perhaps the churches. The Sovietization of the form of government, the economy, and the army is being pressed.

a. The SED (Socialist Unity Party, Communist controlled) is the supreme political instrument of Soviet-Communist control in Eastern Germany and is being increasingly groomed in likeness to the CP of the USSR. The October 15 election seems to have marked the virtual death of the non-Communist parties, although it is possible that their nominal existence may be utilized further for propaganda purposes to give a semblance of coalition government.

b. The governmental administration resembles increasingly that of the USSR.

c. The secret police, for supervising and controlling government, economic administration, other public organizations and private life, now closely parallels that of the USSR.

d. The military forces have been newly reorganized into 24 combat cadre units, to which the artillery, tank, communications and other specialities have been attached. It is understood that the cadres will not be expanded until October and that meanwhile the present 50,000 man strength will be maintained. Coast guard and air force units are in formation but have not progressed very far. The military forces are responsible to a Soviet military command, not to the GDR Ministry of Interior, as frequently stated in the press.

e. Socialization of trade and industry is continuing and the organizational outlines of collectivization of agriculture are clearly visible. The top organizational control of industry has just been reorganized along the Soviet pattern. The entire production planning is directed toward developing the GDR economy to become independent from Western Germany. Basic industrial production has been enormously expanded in steel and iron, and moderately so in other basic industries. Consumers' industries have been neglected. The level of living has improved moderately in food and slightly in clothing, except shoes. The Plan itself and the manpower policies required for its execution will contribute to the further proletarization of the GDR social structure by changing the traditional role and place of women workers in society and by largely replacing the strongly independent German skilled worker with the Russian type specialized labor.

f. Trade unions have become governmental labor administrative agencies for maintaining and raising output per man hour and for labor indoctrination and to marshal manpower on occasion to demonstrate "popular demand", "popular anger", etc.

g. The farmers are organized similarly into centrally controlled Farmers' Mutual Aid Societies for purposes of their economic and political control and economic collectivization.

h. The educational system, reorganized during the first years, is now being purged of its non-SED or anti-Communist teaching and administrative staff, and is increasingly instrumental and thorough in the Marxist-Leninist indoctrination of the Soviet Zone youth. Advancement to higher schools and positions is almost completely dependent upon SED or FDJ membership and activity.

i. Religious persecution, restriction, and control vary from the long penitentiary sentences meted out to the unpopular and isolated Jehovah's Witnesses, on the one hand, to the prohibition of circulation of Catholic periodicals, elimination of religious instruction from the school curriculum, prohibition of money collections outside the church buildings, threats of loss of state funds and confiscation of church lands, pressure to move church offices from West Berlin to the Soviet Zone, control over church relief distribution, propaganda to discredit the churches, arrest of a few outspoken and effective religious leaders, especially among the youth, etc. applied to the Catholic and Protestant churches.

j. Women's, youth's, and cultural German-Soviet Friendship societies, combined into "People's", "peace", "unity", or "anti-remilitarization" committees, and "congresses" complete the picture of Soviet-Communist social control in Eastern Germany.

k. The majority of the adult population is strongly, resentfully anti-Communist. Though generally pro-Western and pro-American, it has been so surrounded with Communist propaganda that its faith in the West and in America has been seriously undermined. Thus far it shows no sign of finding a new faith.

l. In contradistinction from West Germans, the East Germans have become aware of the importance of personal liberty.

m. It is probable that the population may gradually sense an improvement in the economy and consider that the future holds more than they have hitherto thought.

n. The first year of mass ideological indoctrination has elapsed; the new and more intense year has begun; the youth mentality is being cast, is still imperfect.

2. Integration of Eastern Germany into the Soviet-Communist political, economic, and military system has developed through the Communist Party of the USSR (controlling the SED), the Military Division of the Soviet Control Commission (controlling the East German military forces), the integrated system of five-year economic plans (interlaced by trade agreements), and Communist international mass organizations (trade union, youth, women's, cultural, etc.).

a. As previously indicated, the SED has become a thoroughly Communist controlled party, the Soviet instrument of political power in Eastern Germany. Although not yet officially accepted as a member of the Cominform, it has been represented at Cominform meetings. The international Communist Party disciplinary control in the Cominform is no less effective in the SED in Eastern Germany.

b. Regarding the integration of the economy of the GDR into the Soviet satellite economic system, it is obvious that, while the GDR's admission to the CEMA (Soviet orbit Committee for Economic Mutual Aid, or "Molotov Plan") may not thus far have had practical results, the Five Year Plan is obviously synchronized with the economic development of Soviet Russia and the satellites. Eighty-five percent of the Soviet Zone's foreign trade (exclusive of Interzonal trade) is directed towards Soviet Russia and the other satellites. So-called "technical-scientific" agreements have been concluded with some of the Soviet satellite countries which actually mean the sharing of German technical know-how with those countries for a low price. Planning and production systems of the Soviet Union are taken over wholesale and affect the organizational structure of the government, the entire fiscal system and the social structure of the population. It goes so far that against all rational considerations arising from climatic and soil conditions, the calendar year has been adopted for agricultural planning to correspond to similar planning in Russia.

c. The Soviet orbit integration of the 53,000-man East German military forces, organized in the so-called Main Administrations for Training (Army) for the Air Police, and for the Maritime Police, is through the Soviet Military Division of the Soviet Control Commission. The East German Government has no control over the East German military forces. Whether a military mutual defense pact exists, we do not know. However, it would appear unnecessary. Technical research exchange and supply agreements between the GDR and other European satellites have already been mentioned.

d. Cultural exchange agreements with other satellite states were concluded last year. The international peace, women's, youth, and other congresses, include representatives from the GDR. The coming World Youth Games illustrate the central attention being given in the Communist international mass organization programs propaganda to the German issue.

3. In retrospect, the Soviet utilization of East Germany as a forward base from which to extend Soviet-Communist control over West Germany and therewith over Western Europe appears to have taken three major forms and undergone numerous phases.

The strategy has been to organize and promote "the revolution" in Western Germany. All tactics have been only various techniques of preparing and promoting the revolution. In Communist parlance this is called establishing a peace-loving, anti-fascist, democratic Germany.

The subversive activities directed to this end have included the subsidization and direction of the West German Communist Party activities, organizations, and propaganda (using funds gained from legal and illegal interzonal trade as well as from pre-currency reform printing presses); infiltration and manipulation, as well as the establishment of "front organizations"; undermining West German and Western Allied authority and control by all overt and covert propaganda methods and by promoting civil disorder, fomenting and championing grievances of all population groups, instigating or taking over strikes, etc.; exaggerating the semblance of public discontent and provoking restrictive police measures.

Of particular interest in watching the Soviet attempt to capture West Germany has been the Soviet attempt to exploit the four-power occupation, conference, and Control Council machinery. The present negotiations for a CFM are the extension of this five-year old battle.[2]

Paralleling this battle on the four-power level have been the Communist-sponsored mass movements which are vast, organized, and highly propagandized attempts to rouse the West Germans against the West German and West Allied authorities, in Communist parlance, to "isolate" the "ruling clique" from the "masses."

These mass movements, occurring as a series of waves, have had two phases since 1947, the People's Congress movement, 1947–1950, and the Constituent Council movement, since 1950.

Each mass movement is built around popular issues, such as peace and German re-unification. Communist instigated peace, unity, or anti-remilitarization committees are formed all over Germany at local, state, and zonal levels. These send representatives to the central congress or council in East Berlin, which then purports to speak for "the overwhelming mass" of the German people. It invariably presses for the international Communist Party line and the Soviet policy in Germany. It attempts to discredit and reject the West Allied and West German government policies and programs.

The Communist tacticians appear to have designed the Congress movements

(1) to foster "national resistance", "preparing the revolution", "isolating" the Western Occupation Powers and later the Federal Government from the people, in short, to undermine and help dislodge the Western, anti-Communist powers;

(2) to rally the West German population against specific Western Allied policies, those particularly offensive to Soviet interests, for example the establishment of the Federal Republic;

(3) to provide a basis for claiming all-Germany support for Soviet policies and to legitimize claims of Communist-sponsored German organizations to speak for all Germany.

The congresses all failed to arouse the West Germans and became themselves discredited as Communist-staged propaganda devices. They have been utilized, however, to write the GDR Constitution and to form the GDR Government, October 7, 1949, apparently because of competitive propaganda necessity or advantage. The last congress movement, the National Congress movement, January–August 1950, appears to have been abortive. It seemed designed originally to declare itself, when convened, to be an all-Germany government with which a peace-treaty could be signed, but it was not so utilized.

It appears that the failure of the congress movements induced the Communists to substitute the Constituent Council approach. It was designed apparently for essentially the same purposes. But the Constituent Council movement has been of particular significance because

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[2] For documentation on the negotiations leading to the Four-Power Exploratory Talks at Paris, March–June, see pp. 1086 ff.

(1) it has constituted a new Communist device for attempting the extension of Communist control or influence to Western Germany,

(2) it has been made the campaign vehicle of the most profitable vein for propaganda exploitation thus far discovered by the Communists, namely, the widespread German desire to avoid involvement in re-armament and possible war, to be neutral in the struggle between East and West;

(3) it has been launched perhaps more urgently than any congress, to frustrate a specific Western Allied policy and program, Western German participation in the North Atlantic Defense Program, presumably the most objectionable West Allied program from the Soviet viewpoint;

(4) it has been introduced, also, at the Four-Power level, in the Soviet bid for a Foreign Ministers' Conference.

The Constituent Council movement was launched by the communiqué from the meeting at Prague of the satellite foreign ministers, October 21, 1950.[3] Resolution number four of the Prague Communiqué proposed the establishment of an all-Germany Constituent Council, with equal representation from East and West Germany, to prepare for the formation of an "all-Germany, sovereign, democratic, and peace-loving provisional government" and to present to the Four Powers proposals therefor; furthermore to prepare recommendations to the Four Powers concerning a peace treaty for Germany.

As a new device for extending Communist influence or control over Western Germany, the Constituent Council appeared to be designed, at the most, to "capture" the Federal Government. The key to this "capture" of the Federal Government appears to have been the precondition in the Prague proposal of parity representation of East and West Germany in the Constituent Council. This condition would make it a simple matter for the solidly Communist-controlled East German representation to veto any West German proposal and, by winning over only one West German representative, to obtain a majority in favor of East German proposals. If this maneuver succeeded, the Communists would presumably claim that the decisions of the Constituent Council committed the Federal Government.

Should the Federal Government permit itself to be drawn into such an arrangement and then decide, instead of agreeing, to break off or withdraw, the East could claim that the Constituent Council still remained a legitimately established body authorized to represent all Germany or else that it had been the Federal Government which had prevented German re-unification and peace. This might have propaganda value if nothing else.

The Constituent Council proposal was made on the German level in a letter from Minister-President Grotewohl, of the GDR, to Chancellor Adenauer of the Federal Republic, dated November 30. Adenauer rejected the approach on January 15, in an address to the Bundestag, explaining his reasons for refusing to deal with the East German regime. The main reason for rejection was the insistence on the part of the Federal Government that German unification and the establishment of an all-Germany representative body can take place only on the basis of free elections, and that only a German body so constituted has the right to represent all Germany in settling German problems. The rejection was propagandized by the Communist press as proof that the Chancellor was not responsive to the wishes of the majority of West Germans.

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[3] For the text of the satellite Foreign Ministers communiqué, October 21, 1950, see Ruhm von Oppen, *Documents on Germany*, pp. 522–527, or *Documents on German Unity*, vol. I, pp. 158–161.

The Constituent Council proposal was next made by the People's Chamber (*Volkskammer*) of the GDR on January 30,[4] and addressed to the Bundestag. It appears at the present time that the Bundestag will also refuse.

The Communist leaders have declared their intention, hinted at in the Prague resolution, to submit the matter to the people in a plebiscite, if the Federal Government rejects the proposal. The plebiscite was announced by the Essen "Anti-remilitarization Congress" of January 28. The form of the plebiscite, namely, signature letters, resolutions of special meetings, and of committees at local and county level, etc., was announced as a Communist Party Congress thesis for adoption at the coming March 2–4 Congress in Munich.[5]

Whether the Communists will proceed, after the plebiscite, to establish a Constituent Council allegedly representing all Germany, utilizing such West Germans as they may be able to muster, is not clear. Nor is it clear whether the Council would carry out the functions suggested for it in the Prague proposals, prepare the basis for a provisional all-Germany government and make recommendations to the Four Occupation Powers regarding a German peace treaty. Finally, it is most uncertain whether the USSR would proceed to sign a proposed treaty unilaterally with any "provisional German government." In general it is felt that such moves would not have much propaganda value in rallying the West Germans to the East German regime or in turning the West Germans against their own government and the Western Allies.

It is thought more likely that the USSR would undertake recognition of an East German regime as officially representing or having the right to speak for all Germany and sign a peace treaty or some form of agreement declaring it sovereign, perhaps promising withdrawal of Soviet occupation troops, only when the USSR were ready to accept the consequences of withdrawing from quadripartite occupation responsibilities and making the East German government completely responsible for acts committed by the East German government. This would precipitate a show-down over Berlin, for the Western Allies in Berlin would then be forced to recognize or to submit to the East German Government's authority over transportation and communications controls between Berlin and Western Germany.

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[4] Regarding the *Volkskammer* proposals of January 30, see the editorial note, p. 1751.

[5] For documentation on the antiremilitarization plebiscite, see pp. 1747 ff.

It is of some interest that for the first time that can be recalled, a Communist slogan has now been adopted which contains a specific date for the accomplishment of an objective. The West German plebiscite is being conducted on the question "Are you against re-militarization and for the conclusion of a peace treaty with Germany in 1951?" This might indicate that the Soviets will proceed unilaterally with the establishment of a Constituent Council, perhaps a "provisional government", and sign with it a "peace treaty" in 1951, precipitating the crisis for the Western Occupation Powers in Berlin by the end of this year. However, the foregoing course would mean that the USSR had decided to risk world war by the end of the year.

Thus far the Soviets have not utilized their zone for military action against West Germany. Views differ as to Soviet intentions in this respect. Eastern Element has reported its views from time to time. It was Mr. Morgan's view in an early December despatch [6] that the USSR is much more willing to risk war in the near future than had previously been generally accepted.

In this connection Mr. Morgan, Director of Eastern Element, wrote the State Department on November 30 (Despatch No. 346 [7]) that signs seemed to point to a diminution of Kremlin expectations of winning Germany by "civil war", a greater willingness of the Kremlin to risk war to attain its objectives, i.e., world conquest within a few years, and to a Kremlin view that while the "peace" movement may prevent world war, the clock stands at about five or ten minutes to twelve.

In a very much debated despatch of December 29,[8] Eastern Element, in Mr. Morgan's absence, took the position that, unless

(1) the CFM comes to an unexpectedly fortunate agreement, or
(2) the North Atlantic Defense Program fails (perhaps due to Soviet anti-remilitarization campaigns) to develop, including a German contribution,

there is a strong possibility that the USSR would presumably decide it advisable to wage war against the West before the North Atlantic Defense Program reaches maturity, which might, however, be as late as 1952 or even 1953. Eastern Element's despatch of December 29, 1950, (No. 422) expressing this position, was stated by HICOG Frankfurt not to be the official consensus of HICOG.

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[6] The despatch under reference has not been identified further.

[7] Not printed (661.62B/11-3050).

[8] Despatch 422, not printed (661.002/12-2950).

Whatever the best judgment in forecasts on this subject, Mr. Morgan concluded in his despatch of December 13 [*November 30*] (No. 346),

> "If the basic Soviet outlook in Germany has in fact, as suggested above, shifted from civil war to world war, the further development of Soviet strategy there will be more than ever a function of global relationships, and correspondingly less deductible from conditions observed inside Germany. Even if this line of thought were substantiated by more adequate investigation, however, it would probably be a mistake to rule out puppet action entirely. The latter still might be employed for an opening phase of operations (against Berlin for example), and there would presumably still be the off chance, from the Kremlin's point of view, that the free World might be bled white in Asia and/or be so weakened by internal dissension that something less than World war would bring West Germany, and with it Europe, inside the fold. In any case many lines of Communist policy are useful for either eventuality, hence remain as before: for example "national resistance", the GDR as "base", the National Front and the Peace movement, the "democratic" unification of Germany.
>
> "The above line of thought does not imply that the USSR will halt the integration of the GDR into the Orbit or the development of GDR paramilitary forces, nor does it exclude the possibility of other unilateral actions such as implementing some features of the Prague proposals if appeals to West German politicians to "sit at one table" meet with continued rebuffs. What is implied is that such moves, if and when taken, will be adopted primarily for their supposed contribution to the evolution of World War III on terms most favorable to the USSR. For the time being this seems to mean delaying the formation of Western strength in Europe while engaging us where we are at greatest disadvantage, in Asia. Fear of war is thus again becoming a major ally of the Communists in Europe. The tempo and direction of communist action in Germany will naturally vary to a considerable degree with the progress actually made toward creating Western strength-in-being."

Note: Underscoring in the above-quoted portion of Mr. Morgan's despatch has been done by the present writer.

JOHN B. HOLT

762A.00/3-151: Telegram

The Acting Director of the Berlin Element of HICOG (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL BERLIN, March 1, 1951—3 a.m.

1095. From Holt. EE's tentative evaluation World Peace Council meeting Berlin February 21–26 follows:

1. Developments thoroughly in line with fundamental Communist peace movement mission of winning maximum number present and

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[1] Repeated to Washington, Bonn, London, Paris, and Moscow. The source text is the copy in the Department of State files.

potential allies, sympathizers and neutralists, not only for present Soviet programs in Germany, Korea, China but also for revolutionary expansion Soviet-Communist power everywhere, promoting ultimate goal of increasingly isolating US, as center anti-Communist power, for eventual show-down.

2. Meeting initiated "new phase" drive to extend diversify world-wide regional and special-interest group organization and propaganda appeal.

a. Inaugurated new world-wide signature collection, demanding conclusion peace pact among five great powers, condemning as aggressor any power which refused to meet for purpose.

b. Appointed delegation to UN to demand UN consider world peace movement resolutions and revert to "charter role" as peace maintenance organization. (Ourtel February 26 to Frankfort 1221 repeated Department 1083, Bonn 278; pouched London, Paris, Moscow[2]).

c. During next 3 months planned international meetings for discussion regional problems: German problem in countries "threatened by German remilitarization," in India for Asiatic problem; in Africa for colonial peoples, in Latin America for problems western hemisphere. Also planned international congresses of interest groups (cultural and youth) of all nationalities and ideologies in world capitals. Also East–West problems (reduction living standard occasioned by rearmament) perhaps in USSR (ourtel February 27, to Frankfort 1224 repeated Department 1086, Bonn 279; pouched London, Paris, Moscow.[2])

d. Planned to cultivate contacts and cooperation numerous organizations (potential allies), including world citizens, Quakers, churches, neutrality and pacifist movements.

e. Proposed that secretariat set up information office to collect "objective documentary proof" to fight misrepresentative and false reports designed to promote war psychosis. Each national committee to organize boycott and protest actions against all war propaganda and preparations. (ourtel 1224).

f. Resolve to promote plebiscite in West Germany against remilitarization and/or peace treaty in 1951 (ourtel February 28, Frankfort 1229 Department 1090, Bonn 281; pouched London, Paris, Moscow.[2])

3. Emphasis throughout on closer international ties, broader appeal to masses extension organized activity among masses matched by elaborate administrative machinery to spark popular activity.

4. Propaganda appeal added to general fear of war and atom bomb (Stockholm appeal) appeal to fear resurgence German and Japanese militarism, to long-established pacifist and neutrality sentiment, and "initiate of church".

5. Apparent aim is to utilize greatest common denominator appeal, minimized differences, emphasize accidental points of contact, foster cooperation among diverse political, social, and religious groups and

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[2] Not printed.

classes, including those which accept only parts of entire "peace" program. By involving masses in manifold activities apparent purpose is to bind their action and blind them to basic issues and Soviet motives. Presumable effect would be to neutralize masses in potential defense against Communism even drawing them imperceptibly into active support Soviet measures through "political experience". Foregoing to serve likewise to isolate governments from people in preparation for revolutionary movements. At same time, through slogans such as "men, not weapons, speak" and "war not inevitable" together with charges west remilitarizing Germany and Japan, purveying sense to "masses" of security in own action, which, backed by peace efforts of USSR, could block catastrophic war intentions of US.

6. More immediate programs stressed by Peace Council includes (*a*) East–West talks on all levels particularly on five-power basis on any terms; (*b*) prevention or delay West German Japanese remilitarization (*c*) pressure on UN to admit Red China, retract condemnation Red China aggressor.

7. Interesting were: (*a*) Nenni's forecast as "most probable" "long period without peace, without war, which will provide fertile ground for all political and social adventurers, including Fascist and Nazi types;" (*b*) emphasis on exploitation in every way of economic discontent coincidental with rearmament; (*c*) most severe indictment of USA by Dean of Canterbury, Rev. Darr USA, and Metropolitan Nicolai of Krutizy and Kolomna.

8. Transformation of angry indictment and implied threat to supersede UN into recognition and mild admonition of UN seems indicate attempt develop opposition to UN and support Peace Council for possible future secession but avoid all disagreements now which might estrange potential friends.

9. Whether truly reflecting Soviet intentions impossible to tell but meeting suggested Communist confidence in achievement long-range "peace movement" objectives through patient exploitation colonial, nationalist, and particularly economic grievances and war fears. Sense of war imminence lacking, despite emphasis in meeting on Western war aims and immediate necessity blocking West German and Japanese remilitarization.

10. Of particular German interest, beside plebiscite promotion, was scheduling first European worker's conference againt German remilitarization in Berlin March 23–25 (ourtel February 24, Frankfort 1216 repeated Department 1078, Bonn 276 [*277*]; pouched London, Paris, Moscow[3]).

[Holt]
Jones

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[3] Not printed.

762A.00/3–151 : Telegram

The Acting Director of the Berlin Element of HICOG (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

RESTRICTED BERLIN, March 1, 1951—6 p. m.

1241. SED proposal for Berlin reunification (mytel 1233 February 28 repeated Department 1094, Bonn 282, London, Paris, Moscow unnumbered[2]) was only one part of broad resolution encompassing future Party program. Keynote was struck by section headed "struggle for peace has entered decisive phase," based on new situation created by US remilitarization of West Berlin. Following is summary of highlights of resolution.

1. Chief task of Berlin Party organization consists of winning majority of population to fight against remilitarization and for conclusion peace treaty in 1951 and Volkskammer appeal. Working class main force in peace fight; therefore, creating unity of action throughout Berlin is central point of policy of all-Berlin Party organization.
2. Party tasks in West Berlin are (1) mobilizing masses by exploiting growing dissatisfaction of East Berlin workers in fight for wage increases (mytel 1238 March 1 repeated Department 1098[3]); (2) capitalizing on price rises resulting from remilitarization (bread prices, chocolate tax, et cetera); (3) exploiting lone [*low?*] standard of living (coal and housing shortage) and (4) effects of remilitarization (requisitioning of housing for troop reinforcements, drafting for US labor service battalions et cetera). For this the Party must utilize present growing dissatisfaction of SPD and trade union members and opposition to Berlin's coalition government.
3. Party must, through personal discussion in every factory, organization and house, win converts in West Berlin to Stalin's peace appeal, Volkskammer appeal, and resolutions of World Peace Council.[4]
4. In East Sector the principal Party task is preserving and insuring peace by carrying out five year plan and thus further bettering living standard. East Sector must also be basis for campaign against West Berlin. In latter connection, successfully carrying out May first demonstrations and World Youth Festival are particularly important, as power development (Kraftentfaltung) of peace campaign must reach its climax during festival.
5. Proposal for Berlin unity was inserted here in resolution.
6. Following sections contained criticisms of shortcomings in East Sector and within Berlin SED organization. East Sector failures,

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[1] Repeated to Washington, Bonn, London, Paris, and Moscow. The source text is the copy in the Department of State files.

[2] Not printed: it reported that at a meeting on February 26 the Berlin SED had adopted a resolution calling for reunification of Berlin along the lines of the January 30 Volkskammer appeal, see the editorial note, p. 1751.

[3] Not printed.

[4] For documentation on the Soviet-sponsored world peace movement, see volume IV. Stalin's peace appeal is presumably a reference to his interview with a correspondent of *Pravda* on February 16, which is printed in Folliot, *Documents on International Affairs, 1951*, pp. 290–294.

such as unsatisfactory technical developments in factories, insufficient support of FDJ in school, bureaucracy in school administration, formalistic tendencies in architecture of new apartments in Stalina i.e., architecture in stage and arts [*formalistic tendencies in architecture* (*new apartments in Stalin Allee*), *stage and arts?*] came under fire.

7. As remedy to criticisms and to ensure fulfillment of program a series of corrective measures within the Party were proposed which included organizational reforms and greater Party schooling. (*End of resolution summary*)

February 26 meeting at which above resolution adopted was only one in series over past month devoted mostly to severe self-criticism which revealed Party efforts in West Berlin extremely weak and ineffectual. Basis of resolution, including reunification proposal, was apparently to present positive program designed to strengthen Party's position in West Sectors.

So far there has, surprisingly, been no follow-up on resolution in Soviet-licensed press except for factual items in several papers March 1 which reported only that part re Berlin reunification.

West Berlin press reaction March 1 to reunification proposal was typified by *Telegraf* headline, "Ohne Uns!". No papers gave it particular prominence. CDU oriented *Der Tag* editorial rejected proposal, cited West conditions for Berlin unity as generally free elections expressing will of people; and respect for individual liberties. Put blame for city split on Communists in first place. Kurt Schumacher, in Berlin at present, told press conference SPD rejected proposal because elections given only sixth place "if elections are not first step, all the rest is deceit".

There are so far no indications of what concrete use will be made of proposal, although it will undoubtedly be kept alive in some manner, probably at least on lines Volkskammer appeal. Perhaps, too, it portends Soviet intention make special issue of Berlin in CFM.

We recommend, however, that comment from US official sources be avoided in order not give impetus to keeping proposal alive. Comparison of it with earlier Soviet position on reunifying Berlin (Mytel 839 May 9, 1950 repeated Dept. 699, Bonn 58, Paris 224, London for USDel 57, Moscow 44 [5]) shows it is merely reiteration of unacceptable conditions plus window-dressing in line with current "Petze" theme.

JONES

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[5] Not printed; for the text of the Soviet letter of May 8, 1950 to the three Western Commandants, outlining the terms for free democratic elections in Berlin, see *Documents on German Unity*, vol. I, pp. 224–225.

740.5/2-2051 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, March 9, 1951—7 p. m.

4104. For Achilles from Barnard. (Re Depto 536 Feb 20 [2])

I. Overt Sov control GDR is exercised through Sov Control Comm. In order to give GDR outward appearance sovereign state, Comm has undergone progressive reduction in size and has transferred many functions its predecessor, Sov Mil Admin, to East Ger regime.

At same time USSR has been relying increasingly on less obvious means control, such as operating through Commie party of Eastern Ger (SED), strengthening direct lines control between Moscow and East Berlin, and inclusion GDR into orbit network econ, polit and cultural agreements. Although SED maintains close ties with other Eur Commie parties it has not yet been admitted to Cominform, probably because this wld result diminution Czech and Polish power positions in Cominform.

Sov Army strength Eastern Ger remained fairly stable during last few years. In recent months there has been some increase in ground forces, bringing their strength to 355,700. Autumn maneuvers indicated that Sov forces Eastern Ger reached relatively high level training.

East German "Alert Police" now numbering about 53,000 being reorganized into skeleton divisions or regiments. Yet no evidence expansion to be started near future. Recruitment age groups 18 to 23 wld support force 250,000 men. Reliability in mil operation probably assured if deployed as aux branch Sov force, though extremely doubtful if used spearhead attack West Ger in Korea-type situation; loyalty force assured for security measures where no outside contact involved. Coast guard and air force units in formation but not progressed far.

East Ger econ pattern set by attempt build up heavy industry with minimum outside help, emphasis on production drives, performance wages within framework state directed and planned though not completely state run economy. Present emphasis increase output mines, steel and machine building industry. Tendency concentrate distribution state run stores and gradually abolish double pricing system by scaling down list cheap rationed goods while simultaneously slashing prices unrationed goods. Due to rise in production, diminishing impact Sov takings with simultaneous tendency reintegrate most Sov AG's into Ger economy. Abolition traditional agricultural cooperatives and simultaneous extension functions official Peasant's Mutual Aid assocs bring East Ger agri closer officially denied goal collectivization.

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[1] This telegram, drafted by Barnard and cleared by the Bureau of German Affairs, the Office of Eastern European Affairs, and the Divisions of Research for USSR and Eastern Europe and for Western Europe, was reported to Paris for MacArthur.

[2] Not printed; it asked for background information and a statement of U.S. policy toward the Soviet Union and its East European satellites for a future discussion in the NATO Council of Deputies. (740.5/2-2051)

Aside from isolated incidents and covert opposition such as espionage, no evidence organized open resistance against Commie rule Eastern Ger. Resistance mainly passive in nature, such as reluctance participate wholeheartedly in regime sponsored plethora of "plans" and congresses. Such passive resistance largely confined older age groups in population.

Officially tolerated anti-Commie strength concentrated mainly in churches which to date not been totally subject govt objectives and all-out govt campaign. Such polit groups as Eastern Christian Democratic Union and Liberal Democratic Party enjoy only nominal role.

Existing West Ger antipathy toward Sov and Commie rule undoubtedly stronger Eastern Ger especially since GDR rulers have repeatedly shown they are defending Sov rather than Ger interests. Judging by their repeated attempts justify Oder-Neisse line as a "peace frontier" they are keenly aware deleterious effect public opinion definitive transfer Poland Germany's Eastern territories. Also, lame attempts justify Sov policy Ger PWS reflect similar awareness. Sov econ depredations, although now less in public eye, provide further source discontent. Reverse unity campaign from Western Ger concentrating civil liberties and free elections begin show some effect on eastern regime.

Re Sov intentions reflected East Ger, continued heavy movement rolling stock may be for mil purposes, but as of IAC estimate Mar 9 no firm evidence any unusual influx mil equipment or mil personnel.

II. US has pursued policy not extending either *de facto* or *de jure* recognition GDR and has succeeded obtaining support members Brussels Pact Dec 1949 and other Western Eur nations. Essential relations between these countries and GDR are carried on only at lowest technical level with understanding formal recognition not implied. US relations with GDR are carried on through Sov control authorities. Also US policy oppose GDR participation internatl orgs in which any western occupation powers are members.

US seeks frustrate, insofar as possible, Sov attempts consolidate their position East Ger as base operations against West Berlin and West Ger by:

(1) maintaining Western Allied position non-recognition GDR and encouraging other govts follow same policy.

(2) rigidly restricting East-West trade to nonstrategic materials. Although Sov Zone reps have successfully sabotaged efforts negot new agreement, controls over movement goods from West Ger to East Ger and from West Ger to Berlin have been tightened and further improvements are in prospect.

(3) in connection and collaboration with West Ger authorities, utilizing all propaganda media to expose undemocratic, totalitarian, police state character East Ger regime and counteract false anti-Allied propaganda Sov–Commie origin.

(4) taking all feasible measures bolster economy West Berlin so it able withstand Sov pressure.

(5) reaffirming our intention remaining Berlin and resisting energetically all Sov efforts incorporate city into territory GDR.

[Barnard]
Webb

800.4614/5–2351 : Telegram

The Secretary of State to the United States High Commissioner for Germany (McCloy), at Frankfurt[1]

SECRET Washington, May 23, 1951—1 p. m.

7882. Dept preparing coordinated global campaign to counteract and discredit Communist World Youth Congress scheduled Berlin in Aug. Recognize HICOG and Allied planning well along as reported PEPCO minutes and appreciate you have situation well in hand so far as FDJ concerned. However, for proper coordination wld appreciate fullest info contemplated measures, including decisions May 10 mtg between August committee and Senat, also Magistrat program promised for May 25. Desire info fol points among others:

1. What measures if any contemplated by HICOMS and FedRep to restrict fon participation by denial visas and inter-zonal passes.
2. Progress being made on ECA productivity fair.
3. What activity if any planned by RFE in connection Youth Congress.
4. Whether proposal for plebiscite on European union still being considered.

Dept plans circ query to all Missions reviewing Congress plans and background and requesting info on any counter-measures under consideration by other govts.

Pls advise soonest in view urgent time factor.

Acheson

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[1] This telegram, drafted by Olson and cleared with Conger, Cox, MacKnight, and Arnold, was repeated to Berlin.

800.4614/5-2851: Telegram

The United States High Commissioner for Germany (McCloy) to the Secretary of State[1]

SECRET PRIORITY FRANKFURT, May 28, 1951—7 p. m.

9603. PEPCO. Re Deptel 7882, May 24, rptd Berlin 379,[2] and Dept's plan prepare coordinated global campaign to counteract and discredit Communist World Youth Festival (WYF) scheduled Berlin in August, PEPCO cables (mytel 9506, May 24[3]) and minutes have furnished general lines of our thinking together with suggestions for main points to emphasize in circular message instructing missions to expose event (mytel 9508, May 24). Specific info requested follows:

1. Status Berlin plans: Berlin counter measures to WYF not finalized by May 25 due to slowness of Gers in presenting coordinated program and unsolved question of extent financial support available from Senat, Kaiser Min and commandants' fund. However, in May 10 and subsequent meetings definite agreement achieved between Aug comite, Senat, and Kaiser Min that basis of program will be subsidized hospitality activities by West Berlin youth organizations for estimated 200,000 WYF participants expected to visit Western sectors. West Berlin movie theater owners have offered free entrance to WYF participants during Aug period. Special guide to West Berlin will be printed. Centers will be established where East Eur WYF participants can come and converse in their own languages. Special cultural and sporting events are contemplated. ERP exhibit now touring Western Ger scheduled Berlin July 20–Sept 6. Europa Zug on display Berlin July 22–Aug 12. Endeavoring procure UNESCO human rights exhibit. Financial limitations prevent any further activities at present although Bundesjugendring may sponsor radio lottery whose proceeds could be used expand program. Whole question of financing expected influx permanent refugees during WYF will be negotiated between Senat and FedRep. In addition to Europa Zug and Marshall Plan exhibit at ERP pavillion, ECA will definitely: (*a*) Feature free films in George C. Marshall House, (*b*) distribute 200,000 copies each of satirical pamphlet (*Wir Brauchen Keinen Marshall Plan*) contrasting econ conditions in Sov Zone and FedRep and of ERP pamphlet on Berlin (*Berlin Baut Auf*) and, tentatively (*c*) sponsor television exhibit (see below).

2. Measures to restrict participation. In addition to exposure campaign PolCom now has tripartite position on travel restrictions which HICOM will consider May 31 in conjunction with Berlin commandants. Measures include (*a*) harassment and slowdown of interzonal passes and of issuance of visas to transit FedRep and (*b*) obtaining assurances from FedRep that no extra transport facilities will be made available in connection with WYF. PolCom agreed that before any extraordinary measures recommended to, or taken by, Western Govts,

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[1] Repeated to Paris, London, Moscow, Rome, Vienna, Bern, Brussels, The Hague, Copenhagen, Oslo, and Stockholm.

[2] *Supra.*

[3] Not printed; it reported, *inter alia*, that PEPCO had approved, at its 49th meeting on May 22, the background paper transmitted earlier.

to refuse passports to natls who desire attend festival, consideration should be given to effectiveness such measures via-á-vis propaganda ammunition such policy of refusal would supply to Commies. UK Element, pending HICOM meeting May 31, has reserved position on whether CTB should issue directives on passport and visa issuance. UK Element, in general, less inclined to support restrictive travel measures than US and French Elements and believes principal emphasis should be on discouragement of attendance through exposure. Definite tripartite policy should be formulated as of May 31.[4]

3. ECA productivity fair. Productivity fair, as originally envisaged, now more or less abandoned. ECA and HICOG planning television exhibit in lieu thereof but this will not be finalized until project submitted to and approved by McCloy. Will keep Dept informed developments.

4. Radio Free Europe activity. RFE contacted and in principle willing send prominent iron curtain refugees to Berlin for Aug period and to do some broadcasting on WYF. RFE awaiting complete Ger program before making commitments.

5. European Union plebiscite. Mytel 9506 May 24 reported latest PEPCO thinking and instructions to US member Aug comite on this subject. Continue feel plebiscite is excellent counter-attraction and perhaps financially justifiable if utilized as counter-attraction. Dept aware, however, that UK objects to plebiscite during WYF, that both UK and French dragging heels on use of commandants' fund to finance project, and that sincerity of Ger attitude still unprobed. Proposal will probably reluctantly be dropped unless Berlin Senat vigorously and promptly supports it, which seems unlikely due to split opinion in Senat heretofore.

McCLOY

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[4] At their meeting in Berlin on May 31 the Allied High Commissioners took note of the measures planned to counter the festival, and McCloy stated that it would be well to take precautions against disorderly demonstrations. The Liaison Division at Bonn reported this in telegram 900, June 1 (762A.00/6-151).

Berlin Mission files, lot 58 F 62, 500 crisis Sov : Telegram

The Director of the Berlin Element of HICOG (Page) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL BERLIN, June 22, 1951—9 a. m.

1727. Chairman of State Planning Commission Rau's Jun 14 report to Central Committee of SED on economic developments first five months of Five-Year Plan today's *Neues Deutschland* is frankest and most comprehensive revelation of GDR economic problems since war. Deals with fundamental problems of economic policy, implementation and organization. Highlights of report: While first quarter gross production value exceeded plan by 5% this was achieved by excessive production of economically unimportant goods rather than by plan fulfillment of key projects. Thus machine construction produced agricultural and food industry machinery for which there is no internal or foreign market but fell short of target of power plant equipment, mining equipment and long list of machine tools. Generally, production aimed at quantitative increase of output of goods already in production process irrespective of demand. This failure of carrying out production plan in detail has cumulative effect since it primarily endangers investment program.

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[1] This telegram, drafted by Anthony Geber of the Eastern Element and approved for transmission by Morgan, was repeated to Washington, Warsaw, Prague, Budapest, and Moscow.

Importance political necessities also emphasized, i.e. "making GDR independent of West imports". Developments thus far said to show insufficient attention to this objective. Failures attributed to lack of initiative of engineering and construction bureaus, insufficient mobilization of local material stocks and primarily to over-centralization of planning and to failure of trade organizations to act as link between consumer and producer. Therefore State Secretariat for Material Supply will henceforth retain direct control of material distribution only over certain key materials in short supply. Its functions in other fields of material supply will be transferred to various ministries. Control of trade organizations will also be transferred to ministries. Of further interest is critique of inadequate fulfillment of plans for national "material reserve".

Rau's report confirms information on serious economic difficulties of GDR (ourtel Fkft 1662, rptd Secstate 1472, pouched Moscow, Warsaw, Prague June 8[2]). Emphasizes internal causes of difficulties as compared to material shortages arising from insufficient imports. Criticism is believed well taken since envisaged structural changes in industry appear dominant factor in causing shortcomings. While industrial development up to beginning Five-Year Plan aimed by and large at revival of traditional production lines of GDR industry as whole and of individual factories, Five-Year Plan and notably 1951 Plan calls for substantial structural changes in production programs. Rau's report rightly points to biggest stumbling blocks in accomplishment of goals, i.e. lack of engineering and construction skills, lack of managerial talent and overbureaucratization of planning.

Attention invited to clear-cut admission of autarchic economic policy toward West.

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[2] Not printed.

Berlin Mission files, lot 58 F 62, 572 : Telegram

The Director of the Berlin Element of HICOG (Page) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

SECRET PRIORITY BERLIN, July 17, 1951—12 noon.

112. Attn Stone. Redeptel Frankfurt 281, (rptd Berlin 13) July 11,[2] herewith status report Communist World Youth Rally Eastern Sector Berlin 5–19 August. Information encompasses Allied-German plans to blunt Communist designs.

Apparent Communists hope convince world they striving for peace as opposed to "war mongering" attitude of West. Recognizing such gathering permits opportunity contact between Communist exposed youth and democratic West, Commies making effort to contain participants *Weltjungendfestspiele* in Soviet Sector and deny access West Berlin.

Allied-West German planning has aimed at presenting West Berlin attractions permitting Eastern youth to visit West Sectors and offer opportunity to present Eastern youth true picture West's personal and civic freedom. Regardless of efforts made by East Sector authorities unquestionably large number participants will spill into Western Sectors. Some estimates contemplate up to 200,000. Possibility, however, that Soviet intimidation, restriction may decimate expectancy of East visitors. Allied-German plans have been laid to present West Berlin exhibits which will enable visitors to contrast life East and West.

I. *Background Information*

A. *Soviet Intentions*

Current Communist plans differ from those formulated for 1950 Whitsuntide rally.[3] This year reports indicate Communist desires to impress world that Communism symbolizes peace and that gathering in Eastern Sector displays might and unity of youth working in concert toward peace. To achieve impression Communists expect assemble over 1,000,000 youths for mass sport and cultural activities. Participants expected from all parts world. Majority however represent Eastern Germany. Although measures being taken by Communist officials to deny East youth access to West Berlin, possibly two types may be encouraged by Soviets cross East–West border. Groups are "intellectual goon squads" made up youth specially trained in propaganda techniques, and plainclothes "spitzels" sent to spy on, report East youth coming into West. Present intelligence minimizes both possibilities.

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[1] Repeated to Washington, Bonn, London, Paris, and Moscow.

[2] Not printed; it asked for the latest information regarding Western preparations for the World Youth Festival. (800.4614/7–1151)

[3] Regarding the Whitsuntide rally (*Deutschlandtreffen*) in Berlin at the end of May 1950, see telegram 1046, June 2, *Foreign Relations*, 1950, vol. IV, p. 861.

B. *Western Preparations*

In view announced Communist intentions, Berlin Commandants agreed strive to maintain normalcy during August. Door to East will remain open, and Western authorities taking other steps deemed essential for carrying out general Western policies. Emergency military and public safety measures been fully considered and are ready for implementation.

Measures to minimize and counteract political-economic effects of *Weltjugendfestspiele* also receiving thorough consideration. Berlin Commandants early in year instructed Political Advisers to prepare preliminary report on *Weltjugendfestspiele*. As result of advisers' study recommending creation tripartite committee to plan strategy, August committee was formed February 21, 1951;

Functions August Committee are to serve in advisory capacity to Commandants in matters concerning West German-Allied plans for special attractions and to coordinate fully all local Allied-German efforts. Parallel all-German August Committee was formed May 4 after some delay due to inertia on part of German officials. Dr. Hans Hirschfeld, Press Relations Officer for Mayor Reuter, named chairman German committee, which is made up of four sub-committees: (1) *Sports Committee* charged with planning sporting events; (2) *Youth Committee* charged with hospitality; (3) *Cultural Events Committee* responsible for cultural affairs; (4) *Political Committee* responsible for information program to counter Communist propaganda.

Efforts by Allied Committee to secure firm budget from German Committees have been in large measure fruitless. Commandants at meeting in June decided maximum Allied contribution would not exceed DM150,000 and could under no circumstances represent more than one-third of total contribution. To date Bonn Government has promised contributions amounting DM100,000 and Berlin Senat has promised DM50,000. Of these funds only DM10,000 from Berlin Senat has been definitely allocated.

II. *Implementation of Plans*

Pursuant to request by Commandants for background information on true nature Soviet intentions concerning *Weltjugendfestspiele*, Allied and German August Committees have compiled extensive material and are forwarding to High Commissioners who will make data available to Western governments.

On basis of all obtainable information and intelligence reports, the Commandants in consultation with their advisers agreed to pursue key policies noted below:

A. *Free Access to West Berlin*

Principal policy item to be stressed by West will emphasize free movement as element inherent in free democratic system, with fundamental aim of underlining contrast East vs Western liberty. In this regard, policy of free access to Berlin is to be stressed. August Committee emphasizes that any invitation to the East German youth should stress impossibility of caring for Eastern youth desiring to remain in West as refugees. Problem arose during 1950 Whitsuntide period when thousands Soviet Zone youth, mostly adventurers, requested refugee status, over-taxing refugee facilities of West Berlin. Principal goal Western authorities is to welcome East youth who visit West while clearly implying that remaining Western Sectors not desirable or condoned.

Recent ban of FDJ in Federal Republic[4] may have unfavorable influence on numbers of participants in the *Weltjugendfestspiele*. Commandants and West Berlin authorities deem it unwise presently to ban FDJ in West Sectors. Decision is to permit FDJ free access to city, providing visitors commit no acts prejudicial to security of Western Sectors. Communists are making efforts to insure attendance as initially contemplated as added attraction are offering free hospitality in GDR summer camps to West German youths who attended Kirchentag ceremonies in Berlin during July, and who wish to spend interim until World Youth Games on holiday.

Berlin youth organizations plan to distribute information concerning events scheduled in West Berlin during the *Weltjugendfestspiele*. Information to be in pamphlet form and copies will be distributed in East. Pamphlet will include map of city, will give locations of Western events as well as addresses of 50 youth centers.

B. *Western Hospitality to Eastern Youth*

West Sector hospitality program will be carried out by 50 youth centers. Efforts will be made to guide youth from East directly to centers, which will be specially equipped to reflect freedom permitted in West. Centers will also provide literature describing or explaining life in genuine democratic freedom. Leading American newspapers, magazines will be available in centers, and each of 10 West Berlin newspapers expects to publish two-page youth supplement once during festival. 20,000 copies each issue are to be provided youth centers for free distribution. In this program material clearly stigmatized as propaganda will be excluded. Representatives of Western youth organizations, students and others will be present at youth centers to meet and discuss timely national and international problems. These representatives will receive preparatory courses [in] history, politics, international events, enabling them to converse intelligently with visitors from the East.

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[4] On April 24, the Federal Ministry of the Interior had ruled that groups such as the FDJ which promoted the remilitarization plebiscite were illegal.

III. *Special Events Planned for the West*

Commandants believe that the principle of a normal West Berlin does not preclude special attractions. In consequence, outstanding events have been planned in consonance with theme of freedom of movement and communication in West in contrast to life in East. Calendar of events which covers attractions in Western Berlin pouched Frankfurt and Washington 14 July.[5]

Television exhibit expected to be one of most popular attractions, will afford example of high Western technical achievement and should prove of major interest to visitors from East. Pamphlets to be distributed in connection with exhibit, though ostensibly dealing with technical side of television will depict freedom of informational media in free society.

IV. *Remaining Elements of Difficulty*

Allied and German planners, while sharing belief principal problems have been taken into consideration, are carrying forward task of integrating plans formulated in West Sectors in order to present common front to the East. Integration being handled through normal Allied and German committees established specifically for the August period. Possibility always exists that youth groups of extreme rightist bias may indulge in activity prejudicial to Allied-German policies and interests, but efforts being made to integrate such groups into overall plans.

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[5] The calendar of events under reference here has not been identified definitely in the Department of State files; however, a paper entitled "Events Scheduled in West Berlin During the Period of the Festival of World Youth," undated, seems to be the calendar in question (Berlin Mission files, lot 58 F 62).

800.4614/7-1851 : Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, July 18, 1951—7 p. m.

414. Urtel 159, July 9, rptd info Moscow 4, Frankfort 18, London, Rome, Berlin, Warsaw, Praha unnumbered.[2] Urge FornOff Dept considers Congress provides Communists global sounding board too valuable to refrain raising obstacles delegates journeys through free nations. Because avowed purpose Congress hamper econ progress,

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[1] This telegram, drafted by Caprio of the Office of Western European Affairs, and cleared by the Bureau of European Affairs, the Office of Western European Affairs and the Passport Division, was repeated to Rome, Moscow, London, Brussels, Warsaw, Praha, Frankfurt, and Berlin.

[2] Not printed; it reported that Guy de Boysson, a former President of the World Federation of Democratic Youth (WFDY) was in charge of organizing youth delegations for the Berlin festival who arrived in French and Belgian ports. (800.4614/7-951)

deter defense buildup distract attn Russia's armament free nations justified denying this instance privileges freedoms of democracies to delegates who use former to destroy latter.

Emphasize disruptive designs Congress on internal affairs free nations including Fr. If Fr takes strong position against delegates entry will disrupt Communist plans, improve morale all anti-Communists Western Europe. Leadership against Russian inspired peace offensives best counter measure.

Since delegates may prefer enter Belgium inform Emb Brussels contents urtel 159. If applicable Emb Brussels should proceed as above.

This msg also applies Embs wherever delegates may attempt passage free nation.

Emb may also tell FornOff Dept refusing passport facilities to Amers believed going Berlin Congress.[3]

ACHESON

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[3] On July 20 the Department of State advised McCloy that, in view of the purpose of the Berlin festival, "all special over flight requests from any airline over West Ger to Prague, or Berlin, or otherwise obviously connected with Congress shd be denied but no statement of reason for denial shd be given." McCloy was further instructed together with the U.S. Embassies in London and Paris to "push for strongest U.K. and Fr support" for such measures. (Telegram 550, July 20, to Frankfurt, repeated to Paris and London, 800.4614/7-2051)

800.4614/8-1651 : Telegram

The Director of the Berlin Element of HICOG (Jones) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL PRIORITY BERLIN, August 16, 1951—4 p. m.

299. Reourtel 295 to Frankfort Aug 16[2] (public safety report). Fol pertinent intelligence gleaned from continuing interrogation many of 115 arrested FDJ marchers:

Between mid-day and 1300 Aug 15 FDJer chairman Erich Honecker broadcast rousing speech via loudspeakers to thousands of "reliable, hard-core" FDJers assembled at tent camp in Berlin Muggelsee, proclaiming militantly "we are going to accept the invitation of Mayor Reuter to visit West Berlin." (See ourtel Frankfort 168, rptd Dept 144 Jul 31[3]) immediately after Honecker's fight talk, leaders of 50-man groups were drawn together for marching instructions, which presumably contemplated coordinated assembly and simultaneous 3-point penetration West Berlin.

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[1] Repeated to Washington. The source text is the copy in the Department of State files.

[2] Not printed; it reported that at 5 p. m. on August 15 an estimated 11,000 uniformed members of the FDJ invaded the French and U.S. sectors of Berlin attempting to demonstrate and march in formation. The Berlin police, using night sticks and water throwers, succeeded in dispersing them and arrested 115, including a member of the *Volkspolizei*. Interrogation of those arrested indicated a preconceived plan of invading West Berlin under the pretext of accepting Mayor Reuter's invitation to visit the Western sectors of the city. (800.4614/8-1651)

[3] Not printed.

Some 8,000 Muggelsee reliables were divided into regional units, namely Leipzig, Dresden, etc., and moved in segments to Treptow. There selected leaders rallied their 50-man groups, advising them to advance in formations of fives to distribute a handbill carrying excerpts from Walter Ulbricht's inflammatory anti-West, anti-US speech of Aug 12 and to otherwise attempt to harass West Berliners. They were instructed to assemble at Karl Marx Platz (Kreuzberg) in US sector at 1800 hours. Propaganda leaflets handed to FDJers just before border crossing.

Questioning indicates other Muggelsee camp groups moved thru afternoon to assembly points near Berlin Weddingen (French sector) and Kottbusser Tor (Kreuzberg, US sector).

Supplementary ration allowance cards found on many of arrested FDJers gives credence report marchers were promised additional food, as well as 20 east marks apiece and privilege of remaining at festival thru Aug 18 conclusion. Interrogation, which done separately by HICOG public safety CIC and West Berlin police also bore out report invaders represented most dedicated and indoctrinated East Ger Commie youth. Defiant silence at outset interviews gradually broken down to reticent talking.

Disorders came at tag end of day which saw more than 60,000 east zone participants peacefully troup thru West Berlin youth centers, accepting western hospitality and orientation. Marching units included FDJers with cameras. Witneseses reported marching photographers were given adequate protection by colleagues to permit good picture coverage which already undoubtedly being utilized by Commie propaganda apparatus to establish "real" nature of west welcome, thus discouraging further influx which since opening of festival has run to over half-million FDJers.

West Berlin police acted quickly and decisively, with no allied constabulary involved, although French *gendarmerie* present in background of incident French sector.

Likely that huge friendly visitation FDJers to West for myriad reasons including deficiencies festival plans and logistics for East Gers, prompted drastic, dramatic attempt to halt inflow and end western exposure. Some FDJers questioned indicated disturbance mission was first intended for East Ger Commie Party (SED), and FDJ chosen when SED reneged. Possible that FDJ chief Honecker solicited assignment to assist in re-establishing his leadership which severely criticized for inadequate food arrangements and propaganda programming which apparently encouraged great masses east FDJers to visit West Berlin. Honecker was key organizer of festival and earlier reports asserted he was being sacked for poor performance.

Group carried leaflets headed, "We Are Coming at Reuter's Invitation—a word on responsibility of Ger Youth". Addressed to "dear young friends," in which Ger people "and especially Ger Youth" were described as primarily responsible for maintenance of peace, leaflet carried seven-point program outlined by DDR Deputy Minister-President Ulbricht.

In effect an appeal for active resistance to West Ger defense efforts, program *inter alia* calls on youth to frustrate preparations for "explosive demolition" of bridges and buildings; fight against weight of armament expenditures imposed on Ger people; increase mass agitation and to this end mobilize workers in all plants as well as members of mass orgs; develop widest possible protest movement against introduction of military service law; refuse to tolerate mtgs and conferences of Fascist officers orgs; and organize resistance to military service in any form, etc. Penultimate slogan reads: "Away With Adenauer Govt—Govt of War Preparations; Away With Adenauer Govt—vassal of Amer Armament Millionaires."

In conclusion leaflet proclaims undying character of "peace-loving, partriotic youth in battle for unified, democratic and independent Ger Fatherland."

Incidentally, all Reuter speeches and utterances have avoided invitation per se to Welt Jugend Festspiele participants, but have stressed welcome West Berlin prepared extend youth coming peacefully with peaceful intentions.

JONES

800.4614/9-1251

The Director of the Eastern Element (Morgan) to the Secretary of State

CONFIDENTIAL BERLIN, September 12, 1951.

No. 176

Ref: Eastern Element tel. Aug 25, Fkft 357, Secstate 299, Bonn 132; Eastern Element tel. Aug 20, Fkft 327, Secstate 277, Bonn 123; Eastern Element tel. Aug 15, Fkft 289, Secstate 247, Bonn 111; Eastern Element tel. Aug 14, Fkft 281, Secstate 240, Bonn 107; Public Affairs tel. Aug 13, Fkft 268, Secstate 229, Bonn 105; Eastern Element tel. Aug 13, Fkft 265, Secstate 226, Bonn 104; Eastern Element tel. Aug 6, Fkft 220, Secstate 188, Bonn 86. (See also despatch No. 179 for description of specific East German attitudes revealed at WYF)[1]

Subject: Appraisal of World Youth Festival

Introduction and summary

The following analysis of the World Youth Festival has been made on the basis of policy statements by leading GDR and international

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[1] None printed.

Communist figures during the Festival; a study of Communist press propaganda; numerous visits to the East Sector to observe demonstrations, exhibitions and the general behaviour of Festival participants; first-hand conversations with East German FDJ'ers and rather spotty contact with foreign delegates, including two Americans; innumerable reports of American, Allied and German observers some of whom also had contact with foreign as well as East German participants; and discussions with British, Dutch, Australian, and American political observers.

The conclusion which seems to be indicated by information obtained from the above sources is that the Festival, when regarded from different angles, may eventually add up to gains for both the East and the West. If the Festival is assessed from the viewpoint of Communist intentions, it is the consensus of nearly all competent observers, foreign and German, that it successfully laid the groundwork for achieving specific long-range political goals even though certain features of the Festival were damaging to the Communist cause.

The Communists were bent on mobilizing youth throughout the world as a driving force behind the present phase of their anti-"remilitarization" campaign in Germany which hopes: 1) to identify the West German government as the prototype of re-emerging German "imperialism" and thus isolate it from the mass of the German people and from foreign, particularly neighboring governments; and 2) to prepare German, particularly West German, youth psychologically for "national resistance" and revolutionary actions.

The West's chief gain was its opportunity, of which it took fruitful advantage, to contact large groups of East German youth who visited West Berlin. The latter factor should not be underestimated for its effect upon future East German attitudes; but neither should it give rise to an over-optimistic tendency to regard the Festival as a Communist fiasco. Sensitive and open as the Communists are to the danger of infection, it was a calculated risk for them to stage a mass demonstration in Berlin. It remains for the future to determine whether the setbacks the Communists suffered will be outweighed by long-range political gains along the lines indicated above.

Long-range Political Aims of World Youth Festival

An objective analysis of the World Youth Festival can only be made within the framework of the Peace Movement of which the Festival was one climatic event capable of future exploitation. As such, the Festival, even though it had an eye on developments regarding Japan, was directed primarily towards frustrating West German and West European defense. The Festival's chief significance and contribution to this over-all Communist effort was 1) to lay the groundwork for mobilizing youth on an international, non-sectarian, ostensibly non-

Communist basis; and 2) to harness this powerful youth force behind the present Communist campaign to represent the West German government as the main ally of U.S. "imperialism" in Europe, and thus render it anathema to the mass of the German population and to European and other foreign governments.

Specific Program Outlined for Youth

Festival speeches and propaganda indicated that the political actions behind which youth is expected to throw its active support are chiefly those which are already in motion on an international and/or local basis: 1) agitation and signature campaign for the so-called Five-Power Peace Pact; 2) exploitation of social discontent to be laid at the door of Western rearmament and to be spearheaded particularly by labor youth; 3) resistance to West German remilitarization, which can be exploited in foreign countries fearful of a revival of German military strength and in West Germany to turn public opinion against the West German government; 4) resistance to Marshall and Schuman Plans, the Atlantic Pact and the European Union idea as steps leading to the undermining of national sovereignties and to the formation of an aggressive Western war-bloc; 5) intensified campaign in West Germany for the plebiscite "against remilitarization and for a peace treaty in 1951", including resistance to military service; 6) expansion (particularly in East Germany) of cultural and sports activities and closer integration of them with the Communist political program; 7) expansion of ideological and political indoctrination among the East German FDJ in preparation for the Fourth FDJ Parliament at Whitsuntide 1952 in Leipzig; 8) increasing emphasis upon work among the Young Pioneers, i.e. among the very young groups of German youth.

With all this, greater efforts will be made to promote "unity of action" among youth throughout the world probably along the lines of the contemplated international conference for the "defense of the rights of youth" to be held sometime in 1952. The propaganda frame will be provided by exploiting the World Youth Festival as a contribution to "peace".

Three Facets of World Youth Festival

There were three distinct though overlapping levels upon which the World Youth Festival was expected to exercise its influence in favor of the present Communist program. The mission of the foreign delegations, allegedly numbering 26,000 from 104 countries, was to provide the appearance of international solidarity and support for the "national resistance" movement to be undertaken by East and West German youth. Foreign youth was to receive in return the impetus for carrying on parallel movements in their native countries to alienate local sympathy from Allied and West German government policy; 2) West German youth, numbering 35,000 according to Soviet press reports, symbolized the German will for peace and unity and were to get the moral lift and practical experience to enable them to become the instrument for active overt and subversive resistance to Allied and West German Government controls; 3) East German youth provided the mass "fill-in" and supporting chorus for the "peace" and German unity campaign; they represented to the foreign delegations the "new Germany" in contrast to West German "imperialism"; it was from their ranks that the example and well-trained fanatic leadership for future revolutionary actions were to come.

(It seems probable that, in addition to acting as a deterrent upon FDJ visits to West Berlin, the FDJ rush upon the West Sectors on August 15 was staged to create enthusiasm and provide justification and experience for acts of "national resistance". This interpretation of motivation seems to be supported by Communist sources and by subsequent Communist propaganda, which has been attempting to drum up feeling against the "brutal" West Berlin police, in much the same manner as the Innsbruck incident[2] is exploited on an international level. In his August 30 report to the FDJ Central Secretariat, FDJ Chairman Honecker described the August 15 incident as "ushering in a new stage in the revolutionary training of the German youth". Honecker also stated that the incident had revealed "the fighting readiness and growing ideological level of our cadres". He then proceeded to outline the most important task for the various FDJ group leaders to be that of learning to know and groom further those individuals who proved their mettle. It might be noted that the leaflets which participants in the incident were to distribute in West Berlin gave excerpts from Ulbricht's August 12 speech, the main emphasis of which was upon "national resistance". Regardless of the apparent hastiness with which the incident was organized and its negative effect upon some of the participants (described below) there can be no doubt that such an action reveals not only organizational weaknesses but also demonstrates which individuals can be relied upon to carry out orders no matter what the purpose.)

Effectiveness of World Youth Festival

The impact of the World Youth Festival upon the participants will influence to some extent the ultimate success of the Communist attempt to make youth the spearhead of its present program. In other words, a good deal of youth's future effectivenss may depend upon the degree to which it was fired with enthusiasm for the WYF slogans of "peace",

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[2] Presumably a reference to the detention at Innsbruck of persons attempting to transit the U.S. Zone in Austria to attend the Berlin festival. Documentation on this incident in which the detainees were allegedly beaten by military police is in file 800.4614.

"unity", "friendship"; upon the extent to which it responded to increasing anti-American sentiment, to the deification of Stalin, and to the call to "defend peace to the utmost"; and upon the measure to which the World Youth Festival succeeded in imparting to youth the necessary confidence and optimism and practical as well as psychological preparation for future revolutionary action under Soviet aegis.

Vis-à-Vis Foreign Delegations

As far as the impact of Communist ideology went, the foreign delegations split into two main groups—those representing countries inside and those representing countries outside the Soviet sphere of power; and, in the case of the latter category, into two subdivisions—on the one hand, the Communist hard core and fellow-travellers, and, on the other hand, the curious, the undecided, the misguided, the "peace" idealists and those who had come for the ride.

From observation and available accounts, which have been admittedly spotty due to segregation of the foreign delegations, it appears that on the whole the Communist hard core and fellow travellers, which included the bulk of the delegates from Iron Curtain countries and Communist representation from the non-Communist sphere, got a lift from the World Youth Festival. Despite a certain amount of known disgruntlement regarding accommodations and assuming the inevitable political conflicts and jealousies which arise from proximity of so many dissimilar groups, there seems to be no doubt that Communist and fellow-travelling delegates were, on the whole, impressed with what they experienced and saw, particularly regarding the progress the GDR has apparently made in the way of reconstruction. This seems to be particularly true of delegations from colonial countries. Defections from Iron Curtain countries were few; contact with the West and with non-WYF circles was extremely limited.

Undoubtedly some of the non-Communist delegates from the Western hemisphere went home somewhat shaken in their pro-Communist inclinations. They were not likely to be particularly impressed with the living standard in East Berlin, although it has been established that Australian labor delegates, for example, were favorably impressed by what they saw and were told regarding the GDR Five-Year Plan. Non-Communist foreign delegates did not, according to reports, take too kindly to the ubiquitous propaganda claims of Soviet superiority and leadership; their conception of equality in the Communist order was offended by the discrimination in their own favor. On the other hand, non-Communist foreign delegates were even more scandalized by U.S. treatment of delegates held up in Innsbruck. This incident furnished the motivation behind the refusal of some non-Communist delegates to visit West Berlin, and it was cited by them as an example of how the much-touted freedoms of the Western world are allegedly being violated.

On the whole, despite odd complaints and the defection of some few Communist delegates from Iron Curtain and Western countries, the Communists can probably consider the World Youth Festival a success from the viewpoint of furthering world Communist youth efforts both as far as internal cooperation and public manifestation of strength go.

Vis-à-Vis West German Participants

West German participants were next in line to the foreign delegations for preferential treatment. Like the foreign delegations they were feted and secluded. As far as can be determined, very few visited West Berlin and very little contact existed between them and East German FDJ'ers. They were treated as heroes and clever adventurers for having defied and outwitted Allied measures to prevent their attendance at the WYF. Side by side with those East Germans who took part in the August 15 rush on West Berlin, they provided the martyrs for the Communist cause. If the August 12 "Peace March", which was the outward climax of the World Youth Festival, was any indication, the participating West German youth enthusiastically responded to the especially spirited reception and acclaim given them by the foreign delegations and German guests of honor.

Vis-à-Vis East German Youth

The case of the East German group, which numbered over the course of the two-week period probably close to a million and a half, was different. Despite moral pressure and some physical deterrents, probably well over half a million FDJ'ers visited West Berlin during the course of the Festival, some of them returning several times. This group tasted a non-Communist atmosphere, enjoyed West Berlin and Allied hospitality and experienced at least to a limited degree personal contact and free exchange of ideas with Berliners and Allies.

The tendency of this large mass of East German FDJ to seek outside contact was reinforced by dissatisfaction with the physical and social treatment accorded them by the WYF. All FDJ visitors to West Berlin agreed that the WYF diet was monotonous; most considered it highly inadequate; only a small minority regarded it as sufficient. Quarters, including sanitary arrangements, were described as varying from very bad to tolerable or, in some few cases, decent. Nearly all agreed that transportation to Berlin had been uncomfortable and tedious and that transportation within East Berlin was difficult. Above all, East German youth were offended by the discrimination against them. They pointed out that tickets to popular events, particularly sporting meets, the choicest cultural shows and movies went to the favored few among their ranks and to foreign and West German delegations. In other words, it was the East German youth who bore the brunt of the organizational weaknesses and breakdowns evident in the World Youth Festival.

The above factors, combined with the initiative of the Allies and West Berliners in exploiting the opportunity given them to influence the largest group of East German youth ever to come into contact with the West, added up to a gain for the West. It meant the strengthening of East German anti-regime and pro-West sentiment, a factor which should not be underestimated for its effect upon future attitudes in East Germany. The thinking of the East German youth who came into close contact with the West will probably long be affected by the friendly and non-polemic reception accorded them; by the free exchange of ideas and access to top officials such as McCloy [3] and political leaders such as Schumacher. At least as far as this segment of the East German youth is concerned, the Communist-staged August 15 rush on West Berlin proved a boomerang and future Communist claims of West Berlin police brutality probably will not be proof against personal experience. Various groups of young people from the East with whom U.S. personnel were able to discuss the incident subsequently were unanimous in recognizing 1) the true purposes of the maneuver; 2) the calculated use of innocent youth to manufacture a political incident for propaganda purposes; and 3) that it represented an action on the part of the party leadership based not on strength but upon a sense of fear that the Eastern Zone youth were becoming influenced by dangerous ideas from their contact with the free and friendly West.

This combination of circumstances, namely, the large FDJ influx into West Berlin plus Allied exploitation thereof, and the negative effect of the August 15 incident upon a considerable segment of the FDJ youth should not, however, lead to over-optimistic assumptions of an active resistance potential among East German youth which omit from consideration the generally submissive nature of the East German population and previous experience with resistance activity. It must be recognized that the motives of many of the East German youth who came to West Berlin were non-political. Certainly a large percentage were impelled by ordinary curiosity, by a desire to buy West Berlin goods, by a free snack or entertainment, or by the circumstance that they had been left to their own devices. Moreover, even a goodly percentage of those who were critical of the GDR regime were also not necessarily pro-West. Many revealed a lack of information, a misunderstanding and skepticism regarding Western, including U.S., European policy. It is interesting to speculate, for example, to what extent the superior material standard of West Berlin will be proof against the hope and confidence, and sense of brotherhood in East German reconstruction which the Communists are fostering. Even though not necessarily subscribing to the Communist program, practically all

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[3] Excerpts from McCloy's discussion with members of the FDJ on August 17 are in the Frankfurt Mission files, lot 311, D(51)1205.

FDJ visitors to West Berlin showed in their reaction to certain ideas, in their modes of expression, and in their mental images, the effects of Communist propaganda and indoctrination. In addition, the WYF was, as far as Western opportunities go, a one-time show while the Communists have constant and practically unlimited opportunities for indoctrination among the youth. Fruitful as contact with the West may have been for those FDJ'ers who visited the West Sectors there is always the danger that anti-regime attitudes will be swamped by the younger groups coming up. In this connection, it is useful to compare the vigilant, secluded treatment given the 20,000 (for the most part East German) children during their four-week stay in the international children's camp in East Berlin with the relative freedom enjoyed by their older counterparts in the FDJ.

Also, it must be admitted that perhaps almost one-third of the FDJ attending the Festival did not come into contact with the West; that for those who were able to participate to any extent in East Sector events, which were myriad and diverse, the Communists put on a good show; that the hardships suffered are apt to become dimmed with time while the sense of camaraderie, of freedom from controls, of opportunities for sexual adventures will be associated with the Festival. Still more, the psychological effect upon the mass of the youth who are swept by even momentary enthusiasm should not be discounted. The large mass demonstrations of the Festival illustrated once again the ability of a totalitarian regime to carry along the masses via a small proportion of hard core fanatics.

Despite obvious organizational breakdowns and weaknesses, there seems to be no doubt that considering its tremendous scope the Festival was successfully handled on the whole, and that it was a fruitful exercise in logistics.

It might also be relevant to point out that effective as the impact of the West has been in reassuring large numbers of East German youth of the West's determination not to "write them off", many had to be satisfied with what was for them the disappointing answer that no immediate radical alleviation of their situation could be expected from the West.

At the moment, all that can be done with any assurance is to point out pertinent factors; it remains for the future to indicate whether evidences of general enthusiasm for the FDJ program will become apparent among the East German youth as they did after the Whitsuntide rally last year. What is certain, however, is that, sensitive as the Communists are to the danger of infection, they took a calculated risk in holding such a mammoth rally in Berlin in the face of the obvious impossibility of strictly controlling it; and that set-backs would not have been risked if it had not been believed that they would be out-weighted by the prospect of furthering long-range Communist political aims as outlined at the beginning of this despatch.

Without jumping to extreme conclusions regarding a pro-West attitude among East German youth, it remains for the West to follow up and consolidate the gains as far as possible vis-à-vis the East German youth which the WYF offered it in such unexpected measure. (See following despatch[4]).

George A. Morgan

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[4] Despatch 179, September 18, not printed (800.4614/9-1851).

762B.00/11-251 : Telegram

The Director of the Berlin Element of HICOG (Lyon) to the Office of the United States High Commissioner for Germany, at Frankfurt[1]

CONFIDENTIAL BERLIN, November 2, 1951—3 p. m.

776. From Morgan. Ulbricht submitted law on five-year plan to Sov Zone Volkskammer Oct 31 which was unanimously accepted fol day. Nature of revisions of original plan submitted at III SED convention July 20, 1950 revealed by timing of law: 15 months after submission of original plan, 10 months after plan has been in effect, but only five weeks after conclusion long term trade pact with USSR;[2] interestingly, however, prior to conclusion of pending long-term trade pacts with satellites. Plan reflects Sov demands on GDR economy.

Preliminary review of new plan targets shows fol highlights: drastic increase of iron ore and pig iron production to 3.65 and 2 million tons respectively (previous goals 1.8 and 1.35 million tons). Crude and finished steel targets on other hand undergo only slight increase. Major upward revision in machine, especially heavy machine and heavy electro-engineering targets (e.g., machine installations for power industry to increase 610 percent over 1950 production compared to 284 percent in previous plan). Targets for basic chemicals have also been raised (e.g., sulphuric acid 450,000 tons (400,000 tons) calcium soda 640,000 tons (380,000 tons) synthetic gasoline 927,000 tons (780,000 tons) diesel oil 650,000 tons (475,000 tons)). Coal industry targets reveal complete failure of hard coal mining and resultant increasing shift to brown coal. Targets for selected consumer goods remain generally same as in previous plan but over-all consumer industry targets appear to be lowered.

With its heavy emphasis on basic and heavy industry at expense of refining and consumer industries, plan is blunt expression of separationist economic policy in midst of "unity" campaign. On other hand, also reveals number of weaknesses, aggravated by projected plan increases, which can be alleviated only by trade with West.

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[1] Repeated to Washington, Bonn, Paris, London, Moscow, Warsaw, Praha, and Budapest. The source text is the copy in the Department of State files.

[2] The Trade Agreement between the Soviet Union and the "German Democratic Republic" had been signed at Moscow on September 27.

[Morgan]
Lyon

762B.00/12-2951

Memorandum of Conversation, by the United States High Commissioner for Germany (McCloy)[1]

SECRET Berlin, December 3, 1951.

Dr. Dibelius, in giving me his general reactions to the developments in East Germany since I had last talked with him, stressed the deep interest of the East in the possibility of free elections. He stated that there was a large element of support for the Niemoller, Heinemann, Schumacher points of view with the general feeling that Adenauer was not particularly energetic or purposeful in regard to the unification issue. I gathered from Dibelius' own attitude that he was disposed to recommend the commencement of conversations with East Germans while at the same time we should not delay defense preparations in the West. He had talked with Semenov and Chuikov and Grotewohl and there was no doubt, he felt, about their anxiety to avoid German rearmament. He felt that they were in earnest in seeking to get a constitution along the lines of the old Weimar one. He felt that in the first general elections, no matter what form the precautions to insure free elections took, the Communists would have sufficient votes to get a representation in the government. He should say that they would get as high as 15 per cent in the first elections. Later elections would bring out the real mind of the people and this figure would be reduced from 5 to 7 per cent. He was quite sure that once reunited Germany would move to the West. Unification of Germany would be our victory. In summation, his argument was that we should start arrangements for unification and not wait for western integration before doing so.

As to general conditions he said that he felt they were noticeably improving in the East Zone. Reparations to the Russians were still going on. There was no lack of potatoes and whenever this lack was advertised the people recognized that it was only a cover for larger shipments of food to the East, but in spite of all this, material conditions were better. A very pronounced effort on the part of the Communists to deal more closely with intellectuals was evident. Faculties of the universities and schools were being particularly favored by advantages paid to their families but generally he felt that there was somewhat better feeling toward the Russians than theretofore though no change which could be termed profound. There was no sense of opposition to the United States on any broad scale. The Bishop felt that it was more than ever important to bring along the development of West Berlin as greater efforts were being made in East Berlin to improve conditions there. Most of the building in East Berlin was, to be sure, government buildings, but he had the impression they were doing more in the way of general housing projects for the working people in East Berlin than we were doing in the West. He referred to some extensive apartment building along the Stalin Allee. Communist propaganda in Eastern Berlin was to the effect that though shops and stores were more numerous and better filled than in the Eastern section the important things such as the condition of the working people and particularly their housing was much advanced in the East as compared with the West.

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[1] Transmitted as an enclosure to a note from McCloy to Byroade, dated December 29, not printed.

I think the above reflects a rather widespread attitude in the Evangelical Church, particularly among these members of it who maintain close contact with the Eastern parishes. It is also typically Dibelius who always seeks to play one side off against the other. Yet, it cannot be wholly discounted as prejudiced. Niemoller is now headed for Moscow.

John J. McCloy

762B.00/12-1351

The Acting Director of the Eastern Element (Hulick) to the Secretary of State

CONFIDENTIAL Berlin, December 13, 1951.

No. 488

Ref Eastern Element's despatches No. 686, April 4, 1951, and No. 318, November 17, 1950.[1]

Subject: The Socialist Unity Party (SED) membership review and purges in Eastern Germany

Summary

In an effort to insure success for their campaign for German unity, the East German Communists are currently laying great stress on ideological indoctrination of the East German masses through the SED, the mass organizations and the governmental apparatus. This is necessary to overcome Communist isolation from the population and rising general unrest. In the recent review of the SED membership, which was aimed at raising the ideological level of the party, it was revealed that about 22 per cent of the membership was purged. Numerous organizational and ideological weaknesses were also brought out.

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[1] Neither printed.

Under the guise of winning the intelligentsia through ideological indoctrination, the Communists have indicated that they have been forced to make what appear to be wide concessions to this group to overcome increasing economic difficulties.

Background

The recent purge of the SED, mass organizations and governmental apparatus has taken place against a political background of Communist isolation from the East German masses and rising popular unrest and discontentment. In their attempts to push their campaign for German unity, the Communists have faced widespread lethargy on the part of the East German population, which is saturated with Communist propaganda and looked upon the Grotewohl unity offer as another propaganda trick. This was admitted by Herman Axen, chief of the SED Propaganda Section, who told a meeting of National Front agitators on November 4, 1951, "there exists an underestimation [of the importance of the *Volkskammer* appeal and the political movement brought about by it] [2] in many circles of the population and also in many parts of our democratic parties and organizations. We mustn't make a superficial comparison between the present campaign for the *Volkskammer* appeal and previous campaigns . . . All German consultations is no propaganda slogan. It is an important political goal that will be achieved."

To a lesser degree economic factors have contributed somewhat to the background of the present purges. The theory has been advanced that improved living conditions in the Soviet Zone have contributed to the general unrest because the population no longer has to devote all its time to earning a bare living and has more time for political activity, which has taken the form of opposition. In any event, labor dissatisfaction resulting from the collective agreements and temporary layoffs because of economic dislocation has contributed to general restlessness and passive resistance.

Viewed against this background of Communist isolation from the East German population, and the latter's passive resistance, and in connection with the Grotewohl proposal for German unity, the recent purges stand out as a clear illustration of the contradictions between Soviet policies of closure vs. expansion in Germany (See Frankfurt's Despatch No. 818, September 24, 1951, Enclosure 1, p. 11 [3]). Unable or unwilling to alter its policy in Germany to achieve greater success, the Kremlin is forcing the German Communists to achieve this success by pushing their previous policies with even greater effort. Thus the SED is seeking to lift itself by its own bootstraps through a propaganda campaign for German unity of unprecedented intensity. The result is the relatively high expenditure of German Communist human resources forecast in Frankfurt's reference despatch.

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[2] Brackets throughout this document appear in the source text.
[3] Not printed.

Purge of the SED

The results of the review and purge of the SED membership, which went on from January 15 to July 31, 1951, were published in *Neues Deutschland* October 28, 1951. It was originally thought that the SED had set a quota of eight to ten percent to be purged through the membership review (See Frankfurt's despatch No. 3535, May 10, 1951 [3]). However, during the first two months of the review, the review boards (*Grundkommissionen*) showed such leniency toward ideologically backward members that it was necessary for the SED Central Committee to devote its Fifth Session, March 15–17, 1951, to correcting this situation. As a result, almost twenty two percent of the party membership appears to have been purged.*

Evaluation of the Party Organization

Matern prefaced his report on the "Results of the Review of Party Members and Candidates" with the usual Communist formula indicating general satisfaction with its results. "The review had helped to tighten up party unity and raise its fighting force." However, he then proceeded to detail the party leadership's dissatisfaction with the SED's organizational and ideological weaknesses at great length.

Matern ranked the party's sub-organizations in order of their effectiveness, as revealed by the membership review, as follows:

1. Party units in the peoples-owned factories formed "the strongest basis" for the party.
2. Next in order came the party units in the government and administrative offices. However, the GDR Ministry of Finance, the *Laender* finance directorates, and the local finance offices were notable exceptions. They were condemned for their lack of self-criticism and study of Marxism, and were characterized as "concentration points for ex-Nazis, sergeants, and officers." [According to the West Berlin Investigating Committee of Free Jurists almost every East German finance office contains one or more members cooperating with it].
3. The party organizations in privately-owned plants had not kept pace with the rest of the party's development, and in many instances had come under the influence of the private owners.
4. Next to the party groups on the nationalized farms, the residential groups were the "weakest links in the SED organizational structure."

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*According to the report by Hermann Matern, chairman of the SED Central Party Control Commission, 32.4 percent or 406,662 of the members and 51 percent or 59,631 of the candidates undertook voluntary obligations (*Selbstverpflichtungen*). This would mean that the party membership currently numbered 1,371,072. Since it was announced at the Third Party Congress in July 1950 that the party then numbered 1,750,000, this indicates a drop of 21.9 percent since that time. This has been confirmed by other sources, which report that between twenty and twenty-five percent of the membership was purged. [Footnote in source text.]

5. Special criticism was reserved for the mass organizations. Complaining that "the work of the party groups within the mass organization apparatus had been completely neglected," Matern pointed out that the membership review had revealed sectarianism, social democratic influence, and concentration on trade union and cooperative problems to the exclusion of party politics among these organizations. The failure of the FDGB to conclude the collective agreements was cited as proof of this. In addition, Matern warned that the VVN (Association of Victims of the Nazi Regime) was becoming a "collecting basin for anti-party elements."

The SED, A Functionaries' Party

In his criticism and analysis of the social composition of the SED membership, Matern revealed that the party is becoming increasingly a party of functionaries. "The percentage of workers remained at the same level, while the percentage of peasants declined . . . Only the percentage of functionaries had risen." This was explained by the fact that large numbers of workers had become qualified for state positions. However, they remained workers.

The trend toward functionary control of the lower echelons of the SED was hindering party contact with the masses. "Often the work of the party organization was not being carried on by the elected leadership, but by leading administrative functionaries . . . In the basic organizations there were cases where the secretary alone decided the policy and carried out the work . . . The basic rule of election of party leadership was regularly being broken through the method of co-opting, which had become the rule. This was particularly crass among the *Kreis* organizations." This co-option had resulted in a fluctuation in the *Kreis* secretaries which had to be stopped under all circumstances if the party work was to be raised to a higher level.

Ideological Level of the Party

One of the principal functions of the SED membership review was to raise the ideological level of the party, in an effort to instill some revolutionary fervor into this functionary bureaucracy. Some of the more notable weaknesses revealed were as follows:

1. Anti-Soviet feeling: "There was still anti-Soviet feeling within the party which appeared sporadically in all circles of the party's organization."
2. The Oder-Neisse boundary: While most members recognized the Oder-Neisse line, their answers in many cases showed that this acceptance was only formal.
3. The question of just and unjust wars: There was considerable lack of clarity on the question of just and unjust wars. Many members had replied that defensive wars were just and aggressive wars unjust. This was brought out in connection with the Korean war and the question of the Chinese "volunteers," and disclosed a lack of clarity about the character of the peace policy of the USSR. A pacifist tendency was also revealed, which rejected wars of liberation.

4. German unity and the National Front: "Many comrades expressed the idea that [German] unity could only be achieved through war." Sectarian answers were also given which viewed the National Front as "only a tactical maneuver to 'catch' as many people as possible."

5. Unity of action among the workers: While remnants of social democratic tendencies were found in all circles of the party, the Berlin organization came in for special criticism because this was hindering its attempts to create "unity of action" with Socialist and trade union workers . . . In the factories where a large percentage of West Berliners worked, the influence of Western ideology was particularly strong."

Promotion of the Intelligentsia

A special section of Matern's report was devoted to those workers and functionaries within the party whose "sectarian" attitude that "all those who don't belong to the working class are reactionaries" was interfering with fulfillment of the Five Year Plan goals. He attacked those who held the opinion that "our cooperation with the intelligentsia is only temporary, born out of necessity, and that it will immediately be different as soon as we have developed a new intelligentsia."

Subsequent SED pronouncements have indicated that the Communists feel that they are so dependent upon this group to build up the Soviet Zone economy that they are apparently prepared to make serious concessions to it.

At its meeting October 18–20, the SED Central Committee announced a resolution entitled "The Most Important Ideological Tasks of the Party" which issued party directives in this field and elaborated on this problem in detail. "The Central Committee decisively condemned the sectarian attitude of many party members, which had not yet been overcome, toward the technicians, engineers, scientists, and artists . . . The intelligentsia was playing a forceful role in our new democratic state. It formed the cadre of the state apparatus, the economy and culture, with whose help the working class . . . was carrying out its internal and foreign policies. The party's task consisted in winning [this group] for our democratic reconstruction."

An announcement of the SED Politbureau on December 1, 1951, went even further. To achieve "large-scale promotion of science, which could mean a decisive increase in the tempo of development of productive forces," the trade unions, in particular, were directed to combat the tendency of many functionaries toward equalitarianism. "No pressure was to be put on [members of the intelligentsia] to force them to become members of organizations or to take courses . . . The material conditions for the intelligentsia must be further improved through readying housing, payment of premiums, and creating special restaurants [for them] in the plants. All members of the intelligentsia whose production was above average should get individual contracts, whose fulfillment must be guaranteed by the directors and unions." In this same connection an editorial in *Taegliche Rundschau* on November 17, 1951, stated that the SED Central Committee resolution had demanded that "illegal restrictions on the admittance of the children of intellectuals to universities, etc. must be overcome."

CHARLES E. HULICK, JR.

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